IBADAN ELECTRICITY DISTRIBUTION COMPANY PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021

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CORPORATE INFORMATION

REGISTRATION NUMBER:	638633
TAX IDENTIFICATION NUMBER:	17780815-0001
REGISTERED OFFICE:	Capital Building 115 M.K.O Abiola way Ibadan Oyo State.
DIRECTORS:	Dr. Olatunde Ayeni, CON. F.IoD Mr. Kingsley Ehi Okunbor Mr. Garth Dooley Dr. Olusola Ayandele Engr. John Oladipo Ayodele Mr. Ahmed L. Kuru Engr John K. A. Achife Mr. Alexander Ayoola Okoh Mr. Aminu Balarabe Ismail Mr. Eberechukwu F. Uneze Mr. Oluwaseyi A. Akinwale Mr. Gbenga Alade Mr. Aminu Mukhtar Dan'Amu Mr. Lucky Adaghe Mr. Ignatius Ayewoh Engr. Francis Agoha Mr. Ayodeji Ariyo Gbeleyi
COMPANY SECRETARY:	Akeem Babatunde Capital Building 115 M.K.O Abiola way Ibadan Oyo State.
LEGAL ADVISER	G. Elias and Co. Solicitors and Advocates 6, Broad Street Lagos State.
AUDITOR:	Ernst & Young 10th and 13th Floors, UBA House 57 Marina, Lagos.
PRINCIPAL BANKERS:	Polaris Bank Limited United Bank for Africa Plc First City Monument Bank Limited Access Bank Plc Keystone Bank Plc Heritage Bank Plc Guaranty Trust Bank Limited Fidelity Bank Plc Providus Bank Limited

RESULTS AT A GLANCE

	31 December 2021 ₦'000	31 December 2020 Restated* ₦'000	Increase/ (decrease) %
Revenue	161,243,679	174,758,004	(8)
Loss before taxation	(62,082,331)	(1,906,990)	3,156
Taxation	(812,214)	(439,840)	85
Loss for the year	(62,894,545)	(2,346,830)	2,580
Share capital	5,000	5,000	-
Shareholders' fund	40,599,674	103,494,219	(61)
Basic loss per share (₦)	(6,289)	(235)	2,580
Number of Employees	2,594	2,558	1

REPORT OF THE DIRECTORS

The Directors present their report together with the audited financial statements for the year ended 31 December 2021, to the members of Ibadan Electricity Distribution Company Plc. ("the Company"). This report discloses the financial performance and state of affairs of the Company.

Legal Form

The Company was incorporated on 8 November 2005 as a public Company, limited by shares with registration certificate number RC 638633. On 1 November 2013, Integrated Energy Distribution and Marketing Limited (IEDM) acquired sixty percent (60%) of the equity of the Company.

Principal activity and business review

The principal activities of the Company are the distribution and marketing of electricity within the franchise areas of Oyo, Ogun, Osun, Kwara, parts of Kogi, Ekiti and Niger States.

The Company's revenue was N161.24 billion for the year ended 31 December 2021 (2020: N174.76 billion). The cost of energy purchased in 2021 was N137.25 billion (2020: N113.78 billion). The amount of energy supplied by the Transmission Company of Nigeria (TCN) increased during the year. This was driven by IBEDC's share of the total grid supply.

State of affairs

In the opinion of the Directors, the state of the Company's affairs is satisfactory and no events have occurred since the reporting date, which would affect the financial statements as presented.

Operating results

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

Summary of profit or loss	**31 December 2021**	**31 December 2020 Restated***
	₦'000	**₦'000**
Revenue	161,243,679	174,758,004
Gross profit	16,429,146	54,127,849
Operating (loss) / profit	(24,409,882)	24,613,202
Loss before tax	**(62,082,331)**	**(1,906,990)**
Taxation	(812,214)	(439,840)
Loss for the year	**(62,894,545)**	**(2,346,830)**
Summary of financial position		
Total assets	557,387,584	542,167,489
Total liabilities	516,787,910	438,673,270
Equity	40,599,674	103,494,219

In the opinion of the Directors, the accounts of the Company have been reviewed in a satisfactory manner and there have been no material changes since the statement of financial position date, which would affect the financial statements as presented.

Economic and business performance review

Ibadan Electricity Distribution Company Plc had the following:

	31 December 2021	**31 December 2020**
Total number of customers	2,084,476	1,953,171
Total energy received (Gigawatts)	4,113	3,986
Total cash collections (millions of naira)	89,623,611	61,305,049

REPORT OF THE DIRECTORS

Dividend

No dividend has been recommended by the Directors in respect of the year ended 31 December 2021 (2020: Nil).

Directors and their interests

The name of the directors as at the date of this report and those who held office during the year are listed below:

Dr. Olatunde Ayeni, CON. F.IoD		Non-executive Director	Resigned 1 July 2022
Mr. Kingsley Ehi Okunbor		Non-executive Director	Resigned 1 July 2022
Mr. Alexander Ayoola Okoh		Non-executive Director	Resigned 8 January 2024
Mr. Garth Dooley	(Jamaican)	Non-executive Director	Resigned 1 July 2022
Dr. Olusola Ayandele		Non-executive Director	Resigned 1 July 2022
Engr. John Oladipo Ayodele		Former Acting Managing Director	Resigned 1 July 2022
Mr. Ahmed L. Kuru		Non-executive Director	Appointed 1 July 2022; Resigned 25 March 2024
Mr. Aminu Balarabe Ismail		Non-executive Director	Appointed 1 July 2022; Resigned 25 March 2024
Mr. Eberechukwu F. Uneze		Non-executive Director	Appointed 1 July 2022; Resigned 25 March 2024
Mr. Oluwaseyi A. Akinwale		Independent Non-executive Director	Appointed 1 July 2022
Engr John K. A. Achife		Managing Director	Appointed 1 July 2022; Resigned 31 May 2024
Mr. Gbenga Alade		Non-executive Director	Appointed 25 March 2024
Mr. Aminu Mukhtar Dan'Amu		Non-executive Director	Appointed 25 March 2024
Mr. Lucky Adaghe		Non-executive Director	Appointed 25 March 2024
Mr. Ignatius Ayewoh		Non-executive Director	Appointed 25 March 2024; Resigned 26 July 2024
Engr. Francis Agoha		Acting Managing Director	Appointed 31 May 2024
Mr. Ayodeji Ariyo Gbeleyi		Non-executive Director	Appointed 15 June 2024

Directors interest in shares

Pursuant to Section 301 and 302 of the Companies and Allied Matters Act, 2020, none of the Directors has direct or indirect interest in the shares of the company.

Directors interest in contracts

Dr. Olatunde Ayeni, CON. F.IoD and Mr. Kingsley Ehi Okunbor have notified the Company of their declarable interests in a contract with the Company by Funds And Electronic Transfer Solutions (FETS).

Apart from the declarations of interest by Dr. Olatunde Ayeni, CON. F.IoD and Mr. Kingsley Ehi Okunbor in the contract above, none of the directors has notified the Company for the purpose of section 303 of the Companies and Allied Matters Act, 2020 of any disclosable interest in contracts with which the Company is involved as at 31 December 2021.

REPORT OF THE DIRECTORS - Continued

Shareholding structure

The shareholding structure of the Company is as follows:

	Number of ordinary shares issued of 50K			
	31 December 2021		31 December 2020	
	%	Number	%	Number
Integrated Energy Distribution and Marketing Limited (IEDM)	60	6,000,000	60	6,000,000
Bureau of Public Enterprises (BPE)	40	4,000,000	40	4,000,000
Total	100	10,000,000	100	10,000,000

Property, plant and equipment (PPE)

Information relating to changes in Property, plant and equipment is provided in Note 17 to the financial statements. In the opinion of the Directors, the market value of the property, plant and equipment is not less than the carrying value.

Charitable contributions

The Company made donations amounting to ₦2.56million during the year ended 31 December 2021 (2020: ₦53.02 million). The details of the donations during the year is as follows:

	31 December 2021 ₦'000	31 December 2020 ₦'000
Donation to University Teaching Hospital, Ibadan for emergency response to COVID-19 Pandemic	-	5,000
Supply of Food Items to support Oyo, Ogun, Kwara, Kogi, Osun, Ekiti and Niger State Government during COVID-19 Pandemic	-	46,790
Printing and Packaging of Stickers on COVID-19 Relief Items	-	1,032
Educational Corporate Social Responsibility Support for Restanchor Less Privileged Students toward their WASSCE and NECO	1,048	-
Others	1,516	200
	2,564	53,022

In accordance with Section 43 of the Companies and Allied Matter Act, 2020, the Company did not make any donation or gift to any political party, political association, or for any political purpose during the year (2020: nil).

Employment and employees

Employment 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.

Management, professional and technical expertise are the Company's major assets. The Company continues to invest in developing such skills. The Company has in-house training facilities, complemented, when and where necessary, with external training for its employees.

Dissemination of information:

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

REPORT OF THE DIRECTORS - Continued

Employment of physically challenged persons:

The Company has six (6) (2020: 6) physically challenged persons in its employment. Employment of physically challenged persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

Employee health, safety and welfare

The Company places high premium on the health, safety and welfare of its employees in their places of work. To this end, the Company has various forms of insurance policies, including workmen compensation and group life insurance to adequately secure and protect its employees. The Company has a well-established Health, Safety and Environment (HSE) management system, which formalises HSE processes, procedures and programmes and provides for integration of HSE issues into business planning and operations.

Going Concern

The Directors believe that the Company has adequate financial resources to continue in operational existence taking into account all available information about the future, which is at least, but not limited to twelve months from the date of approval of these financial statements and confirmed that they have not identified events or conditions that may cause significant doubt on the Company's ability to continue as a going concern.

Events after the reporting date

As disclosed in Note 34 to the financial statements, there was a takeover action of the Company by Assets Management Corporation of Nigeria (AMCON): Bureau of Public Enterprises and the Nigerian Electricity Regulatory Commission (NERC) hence the restructuring of its Board and Management. Also, on 25 March 2024, the board members of the Company were changed following the change in the board of AMCON and BPE.

On 3rd June 2024, the Central Bank of Nigeria (CBN) revoked the license of Heritage Bank Plc with immediate effect. The Company will allow the process to follow due course and will engage with the liquidator to ensure that a reasonable and fair outcome is achieved.

There were no other events after the reporting date which could have had any material effect on the loss for the year ended 31 December 2021 which have not been adequately provided for or disclosed in the Financial Statements.

Format of the financial statements

The financial statements are presented with the reporting and presentation requirements of the Companies and Allied Matters Act, 2020, IFRS Accounting Standards as issued by the International Accounting Standards Board and the Financial Reporting Council of Nigeria Act, No.6, 2011. The Directors consider that the format adopted is the most suitable for the Company.

Auditor

Ernst & Young were appointed on 28 December 2022 and have indicated their willingness to continue in office as the Company's auditor in accordance with section 401(2) of the Companies and Allied Matter Act, 2020.

A Resolution will be proposed at the Annual General meeting empowering the Director to fix their remuneration.

By order of the Board

Akeem Babatunde
FRC/2014/NBA/00000007513
Company Secretary

9 September 2024

CORPORATE GOVERNANCE REPORT

Introduction

At Ibadan Electricity Distribution Company Plc (IBEDC), we recognise that adherence to the highest standards of corporate governance ensures and contributes to the long-term success of a company. Considering this recognition, we continuously ensure that we subject our operations to the highest standards of corporate governance to create and deliver sustainable value to shareholders as well as stakeholders and achieve continuous corporate success.

We believe good corporate governance practices enhance the confidence placed in IBEDC by our shareholders, customers, business partners, employees, the Nigerian Electricity Supply Industry in which we operate and all other stakeholders. IBEDC's commitment to upholding the tenets and principles of good Corporate Governance is the bedrock of strong public trust and confidence reposed in us and the key to our continued long-term success.

As the Distribution Company (DisCo) with the largest franchise area in Nigeria, we remain committed and dedicated to our duties and pledge to be the best electricity DisCo in Nigeria through transparent corporate governance practices.

IBEDC's Code of Corporate Governance is continuously reviewed to align with additional legal and regulatory requirements and global best practices, in order to remain a pacesetter in the area of good corporate governance practices. In addition to the Code, IBEDC aggressively promotes its core values to its employees through its Conditions of Service as well as its Internal Policies, which regulate employee relations with internal and external parties. This is a strong indicator of IBEDC's determination to ensure that its employees remain professional at all times in their business practices. Also, IBEDC has an entrenched culture of openness in which healthy discourse is encouraged and employees are mandated to report improper activities.

IBEDC complies with the requirements of the Nigerian Electricity Regulatory Commission (NERC) with respect to submission of required reports on IBEDC's activities as well as compliance status to NERC's policies, directives and orders. Also, IBEDC periodically reviews all aspects of its Board structure, composition, responsibilities, processes and relationships.

IBEDC continues to serve customers, clients, communities and create value for stakeholders. Our commitment to this principle is the key to keeping public trust and confidence.

Governance Structure

The Board of Directors (The Board)

The Board comprises of a mixture of Executive and Non-Executive Directors led by a Non-Executive Chairman. The Directors include individuals who possess integrity, relevant experience of corporate practice and who contribute positively to the growth and best management of IBEDC. Members of the Board of Directors are seasoned professionals, who have excelled in various sectors including; Law, Engineering, Oil and Gas as well as Manufacturing.

The Board is committed to the highest standards of business integrity, ethical values and governance; it recognises the responsibility of IBEDC to conduct its affairs with transparency, prudence, fairness, accountability and social responsibility, thereby safeguarding the interests of all stakeholders.

The Board ensures that appropriate level of checks and balances are maintained in order to ensure that decisions are taken with the best interest of IBEDC's stakeholders in mind. Directors of IBEDC possess the right balance of expertise, skills and experience, which translates to an effective Board and an executive management team capable of steering the affairs of IBEDC in an ever changing and challenging business environment.

The Board determines the overall strategy of IBEDC and follows up on its implementation, supervises the performance of Management and ensures adequate management of the Company, thus actively contributing to developing IBEDC as a focused, sustainable and global brand.

The Board oversees Management's formulation and implementation of sound strategic policies and guidelines on major capital expenditures, business strategies, plans and policies; and periodically evaluate Management's overall performance. The Board ensures that IBEDC complies with all relevant laws, regulations and endeavour to adopt best industry practices.

The synergy between the Board and Management fosters interactive dialogue in setting broad policy guidelines in the management and direction of IBEDC to enhance optimal performance and ensure that associated risks are properly managed. Furthermore, the Board plays a central role in conjunction with Management in ensuring that IBEDC is financially strong, well governed and risks are identified and mitigated.

CORPORATE GOVERNANCE REPORT - Continued

The Board of Directors (The Board) - Continued

In addition to the Board's direct oversight, the Board exercises its oversight responsibilities through four (4) Committees, namely: Board Audit, Risk and Governance Committee; Board Finance and Investment Committee; Board Human Capital, Remuneration and Safety Committee; and Board Strategy and Business Development Committee.

They possess the requisite integrity, skills and experience to bring independent judgment to bear on the deliberations of the Board and decisions of the Board (without prejudice to Directors' right to earn Directors fees and hold interest in shares). The Directors have good understanding of IBEDC's business and affairs to enable them properly evaluate information and responses provided by Management. Also, Directors are prepared to challenge each other's assumptions, beliefs or viewpoints as necessary for the good of IBEDC by questioning intelligently, debating constructively and taking decisions dispassionately.

The Board meets quarterly, while additional meetings are convened as required. Significant decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of IBEDC. The Directors are provided with comprehensive company information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings.

Responsibilities of the Board

The Board of Directors is primarily responsible for the governance of the Company. Consequent to setting the policies for the accomplishment of corporate objectives, it provides an independent check on Management.

The Board ensures that IBEDC complies with all relevant laws, regulations and endeavour to adopt best industry practices and identifies key stakeholders and oversees Management's formulation and implementation of IBEDC's communication policy and program.

The Board has ultimate responsibility for determining the strategic objectives and policies of IBEDC to deliver long-term value by providing overall strategic direction within a framework of rewards, incentives and controls. The Board has delegated the responsibility of day-to-day operations of IBEDC to Management and ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short- term objectives. In fulfilling its primary responsibility, the Board acknowledges the relationship between good governance and risk management practices.

Notwithstanding the delegation of the operation of IBEDC to Management, the Board reserves certain powers which include: the approval of quarterly, half-yearly and full year financial statements (whether audited or unaudited) and any significant change in accounting policies and/or practices; approval of major changes to IBEDC's corporate structure and changes relating to IBEDC's capital structure or its status as a public limited Company; the determination and approval of the strategic objectives and policies of IBEDC to deliver long-term value; approval of IBEDC's strategy, medium and short term plan and its annual operating and capital expenditure budget; appointment and removal of Company Secretary; recommendation to shareholders of the appointment, removal of Auditors and the remuneration of Auditors; and approval of resolutions and corresponding documentation for shareholders at general meeting(s), shareholders circulars, prospectus and principal regulatory filings with the Regulators.

Other powers reserved for the Board are the determination of Board structure, size and composition, including: appointment and removal of Directors; succession planning for the Board and senior management and Board Committee membership; appointment of the Managing Director; corporate governance framework; and approval of policy documents on significant issues.

Roles of Chairman and Chief Executive Officer

The Chairman ensures the effective operation of the Board and provides overall leadership to other Directors and to IBEDC at large. The roles of the Chairman and the Chief Executive Officer are separate and no one individual combines the two positions, so as to avoid the concentration of power in one.

The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharge its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely and clear information to enable the Board take informed decisions and provide advice to promote the success of IBEDC.

CORPORATE GOVERNANCE REPORT - Continued

Roles of Chairman and Chief Executive Officer - Continued

The Chief Executive Officer (CEO) is the highest-ranking executive in the company, whose primary responsibilities include making major corporate decisions, managing the overall operations and resources of IBEDC, acting as the main point of communication between the Board of Directors and corporate operations, and being the public face of the Company.

Changes on the Board

There were no changes on the Board of Directors during the year.

Board Committees

The Board carries out its responsibilities through its committees, which have clearly defined terms of reference, setting out their roles, responsibilities, functions and scope of authority. The Board has four (4) Committees, namely: Board Audit, Risk and Governance Committee; Board Finance and Investment Committee; Board Human Capital, Remuneration and Safety Committee; and Board Strategy and Business Development Committee.

Through these Committees, the Board is able to effectively carry out its oversight responsibilities and take advantage of individual expertise to formulate strategies for IBEDC.

The Committees make recommendations to the Board, which retains responsibility for final decision making. All Committees in the exercise of their powers so delegated, conform to the regulations laid down by the Board, with well-defined terms of reference contained in the Charter of each Committee. The Committees render reports to the Board at its quarterly meetings. A summary of the roles, responsibilities, composition and frequency of meetings of each of the Committees are as stated hereunder:

Board Audit, Risk and Governance Committee

The Board Audit, Risk and Governance Committee (BARGC) is largely composed of Non-Executive Directors to keep under review the scope and results of Audit, independence and objectivity of the external Auditors of IBEDC.

This Committee is tasked with the following responsibilities;

(i) assisting the Board in performing its oversight responsibility for the financial reporting process, system of internal control, audit process, and monitoring compliance with applicable laws, rules and regulations;

(ii) provision of oversight over Management's activities in managing credit, market, liquidity, operational, legal, and other risks of the Company.

(iii) performing oversight functions over the Company's internal and external auditors. Ensures that internal and external auditors act independently from each other and that both auditors are given unrestricted access to all records, properties, and personnel to enable them to perform their respective audit functions;

(iv) reviewing and approving the annual internal audit plan to support the attainment of the objectives of the Company. The plan shall include the audit scope, resources, and the budget necessary to implement it;

(v) discussing the nature, scope and audit expenses, with the external auditor, prior to commencement of statutory audit and ensure proper coordination, if more than one (1) audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts;

(vi) establishment of an effective audit function and consider the appointment of an independent external auditors, and the terms and conditions of their engagement and removal;

(vii) monitoring and evaluating the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security;

(viii) reviewing the reports submitted by the internal and external auditors;

(ix) reviewing the completeness, accuracy, and fairness of the quarterly, half-year, and annual financial statements before their submission to the Board or regulators with regards to the provisions of Companies and Allied Matters Act, 2020; and Financial Reporting Council of Nigeria's Act;

(x) establishing and identifying the reporting line of the Internal Auditor to enable him to properly fulfil his duties and responsibilities. The BARGC shall ensure that, in the performance of the work of the Internal Auditor, he shall be free from interference by outside parties; and

CORPORATE GOVERNANCE REPORT - Continued

Board Audit, Risk and Governance Committee - Continued

(xi) evaluating and determining the non-core audit work, if any, of the external auditor, and review periodically the non-core audit fees paid to the external auditor in relation to their significance to the total annual income of the external auditors and to IBEDC's overall consultancy expenses. The BARGC shall disallow any non-core audit work that will conflict with his duties as an external auditors that may pose a threat to his independence.

The Committee meets quarterly and additional meetings are convened as required.

The Board Audit, Risk and Governance Committee (BARGC) comprises the following members during the year under review:

Name	Status	Designation
Mr. Kingsley Ehi Okunbor	Non- Executive Director (Resigned 1 July 2022)	Member
Mr. Alex Okoh	Non- Executive Director (Resigned 8 January 2024)	Member
Mr. Garth Dooley	Non- Executive Director (Resigned 1 July 2022)	Member
Engr. John Oladipo Ayodele	Executive Director (Resigned 1 July 2022)	Member
Mr. Emmanuel Okunorobo	Head, Internal Audit	Secretary

Board Finance and Investment Committee

This Committee is composed of four (4) Directors with the Chief Finance Officer as ex-officio member. The Board Finance and Investment Committee (BFIC) is in charge of reviewing the financial operations of IBEDC as well as matters regarding the acquisitions or investments in companies, business or projects. It endorses recommendations to the Board as deemed appropriate or approved actions with its delegated authority.
The BFIC reviews, advises and recommends approval, decision or action on financial matters to the Board, including but not limited to the following:
(i) establishment and changes to financial, accounting and treasury policies;
(ii) all major financing transactions of IBEDC;
(iii) issuance of shares and shares re-purchases, valuation of shares, and other such activities involving existing shares;
(iv) IBEDC's corporate plans and budgets;
(v) proposals for dividends and transfers to reserve;
(vi) financing, guarantees, indemnities and mortgaging of the Company's assets;
(vii) any actual, or potential, major exception or occurrence which has, or may have major financial impact on the Company;
(viii) guarantees, financial support, undertakings and indemnities concerning investments or liabilities of subsidiary or associated companies, other than those which are the subject of an existing general or specific Board or Committee approval;
(ix) proposed principal agreements with Government, Joint Venture and Shareholders' Agreements, Major Acquisitions, Divestment and Property Redevelopment;
(x) ensuring cost effectiveness and efficiency in project implementation including procurement of goods, works and services;
(xi) establishing a transparent procedure to ensure the award of contracts to competent and cost- competitive contractors; and
(xii) undertaking relevant procurement research and survey before undertaking any project.
The Board Finance and Investment Committee (BFIC) meets at least once in each quarter. However, additional meetings are convened as required.

The BFIC is made up of the following members:

Name	Status	Designation
Mr. Kingsley Ehi Okunbor	Non- Executive Director (Resigned 1 July 2022)	Chairman
Mr. Alex Okoh	Non- Executive Director (Resigned 8 January 2024)	Member
Dr. Sola Ayandele	Non- Executive Director (Resigned 1 July 2022)	Member
Engr. John Oladipo Ayodele	Ag. Managing Director (Resigned 8 January 2024)	Member
Ms. Ronke Owotomo	Chief Finance Officer	Ex-officio member
Mr. Akeem Babatunde	Company Secretary	Secretary

CORPORATE GOVERNANCE REPORT - Continued

Board Human Capital, Remuneration and Safety Committee

This Committee is responsible for reviewing, and evaluating persons nominated to the Board, determining the remuneration of the Chief Executive Officer, the Executive Directors and the Heads of Departments of IBEDC.

The responsibilities of the Committee include the following;
(i) reviewing and evaluating the qualifications of all persons nominated to the Board and other appointments that require Board approval in accordance with the qualifications prescribed by law, pertinent rules and regulations, and any other rules created by IBEDC. The screening shall include the evaluation of the nominee's directorship, membership and employment history in other corporations or organizations to ensure that he can perform his duties diligently and effectively;

(ii) recommendation of committee membership appointments, including committee chairmanships, to the Board for approval with consideration of the desires of individual Board members;
(iii) reviewing annually the Charters of the Board Committees for the purpose of recommending to the Board, any needed change(s);
(iv) recommendation of processes and mechanisms for evaluating the performance of the Board, the Board committees and Management;
(v) assessing the effectiveness of the Board's processes and procedures in electing or replacing Directors;
(vi) reviewing annually, the prescribed full Interest disclosure of all incoming Directors and Officers;
(vii) reviewing and recommending the Human Resources Policy of IBEDC to the Board for approval;
(viii) approving the promotion, redeployment and disengagement of staff other than the Managing Director/Chief Executive Officer, Chief Operating Officer, Chief Finance Officer, Chief Technical Officer and Company Secretary;
(ix) recommendation of compensation for all staff of IBEDC, except the Managing Director/Chief Executive Officer and Executive Directors, to the Board;
(x) overseeing strategic issues including employee retention, equality and diversity as well as other significant employee relationship matters;
(xi) preparing and annually reviewing benefit Policies and practices of IBEDC;
(xii) organising Board and Committees' induction and other training;
(xiii) reviewing public and employee safety standards and procedures, operational performance, and compliance issues relating to utility operations and facilities;
(xiv) providing input to the annual report of IBEDC in respect of Directors' compensation;
(xv) ensuring that a comprehensive succession policy and plan exists for the positions of the Chairman, Managing Director/Chief Executive Officer, Executive Directors and the Heads of various departments;
(xvi) ensuring that the Board conducts performance evaluation of the Directors as regularly as the Board deems fit; and
(xvii) reviewing and making recommendations to the Board for approval of IBEDC's organizational structure and any proposed amendments.

The Board Human Capital, Remuneration and Safety Committee meets at least once in each quarter. However, additional meetings are convened as required.

Name	Status	Designation
Mr. Garth Dooley	Non- Executive Director (Resigned 1 July 2022)	Chairman
Mr. Kingsley Ehi Okunbor	Non- Executive Director (Resigned 1 July 2022)	Member
Mr. Alex Okoh	Non- Executive Director (Resigned 8 January 2024)	Member
Dr. Olusola Ayandele	Non- Executive Director (Resigned 1 July 2022)	Member
Engr. John Oladipo Ayodele	Executive Director (Resigned 1 July 2022)	Member
Mr. Akeem Babatunde	Company Secretary	Secretary

CORPORATE GOVERNANCE REPORT - Continued

Board Strategy and Business Development Committee

The Board Strategy and Business Development Committee ("SBDC") has the following responsibilities:

(i) periodically reviewing changes in the economic and business environment, including emerging trends and other factors relevant to the Company's strategic goals;

(ii) studying and giving advice on the strategic plans for the long-term development of IBEDC (including but not limited to the funding, financial policies and other significant matters) for recommendation to the Board;

(iii) receiving and considering reports on the Company's performance against the annual and long-term plan;

(iv) reviewing and reporting to the Board on the effectiveness and timeliness of Management's execution of specific investments approved by the Board;

(v) conducting public engagement/consultation processes as required;

(vi) considering and making decisions which are within the Chief Executive Officer's delegations, and which the Chief Executive has referred to Strategy and Policy Committee for decision making; and

(vii) assessing the investment, required resources, organization and the effort and time for the realization of the aforesaid opportunities.

The Committee meets at least once in each quarter. However, additional meetings are convened as required.
The membership of the Committee is as follows:

Name	Status	Designation
Mr. Garth Dooley	Non- Executive Director (Resigned 1 July 2022)	Chairman
Mr. Kingsley Ehi Okunbor	Non- Executive Director (Resigned 1 July 2022)	Member
Mr. Alex Okoh	Non- Executive Director (Resigned 8 January 2024)	Member
Dr. Olusola Ayandele	Non- Executive Director (Resigned 1 July 2022)	Member
Engr. John Oladipo Ayodele	Ag. Managing Director (Resigned 1 July 2022)	Member
Mr. Akeem Babatunde	Company Secretary	Secretary

AUDIT COMMITTEE REPORT

To the Members of Ibadan Electricity Distribution Company Plc.

In compliance with section 404 (4) of the Companies and Allied Matters Act, 2020, the members of the Audit Committee of Ibadan Electricity Distribution Company Plc (IBEDC) have reviewed the Audit Report for the year ended 31 December 2021 and hereby state as follows:

1. We have exercised our statutory functions under Section 404(4) of the Companies and Allied Matters Act, 2020 and acknowledge the co-operation of management and staff in the conduct of these responsibilities;

2. We are of the opinion that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;

3. The scope and planning of both the external and internal audit for the year ended were satisfactory and reinforces the Company's internal control systems which are constantly and effectively monitored; and

4. We have deliberated with the External Auditors, who have confirmed that necessary co-operation was received from management in the course of their statutory audit and we are satisfied with Management's response to the External Auditor's recommendations on accounting and internal control matters and with the effectiveness of the Company's system of accounting and internal control.

The Members of the Audit Committee were appointed on 28 November 2022 as contained in the Corporate Affairs Form 07 ("CAC 07").

Mr. Oluwaseyi Akinwale
Chairman, Audit Committee
FRC/2022/PRO/ICAN/008/703776
9 September 2024

Member of the committee	Designation
Mr. Oluwaseyi Akinwale	Chairman
Mr. Alex Okoh	Member
Dr. Eberechukwu Uneze	Member
Mr. Akeem Babatunde	Secretary

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RELATION TO THE PREPARATION OF THE FINANCIAL STATEMENTS

The Companies and Allied Matters Act, 2020, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of the year and of its profit or loss. The responsibilities include ensuring that the company:

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the company and comply with the requirements of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, No 6, 2011;

b) establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and

c) prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act, No 6, 2011 .

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company and of its loss for the year ended 31 December 2021. The directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of its financial statements, as well as adequate systems of internal financial control.

There are conditions which give rise to a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. These conditions and mitigating factors are disclosed in Note 35 to the financial statements.

Signed on behalf of the Board of Directors by:

Mr. Gbenga Alade
Chairman, Board of Directors
FRC/2024/PRO/DIR/003/814756

9 September 2024

Engr. Francis Agoha
Acting Managing Director
FRC/2024/PRO/COREN/004/668896

9 September 2024

STATEMENT OF CORPORATE RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Further to the provisions of Section 405 of the Companies and Allied Matters Act 2020, we hereby certify the financial statements of Ibadan Electricity Distribution Company Plc for the year ended 31 December 2021 as follows:

a) That we have reviewed the audited financial statements of the Company for the year ended 31 December 2021;

b) That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading in the light of the circumstances under which such statement was made;

c) That the audited financial statements and all other information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the year ended 31 December 2021;

d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the Company, particularly during the year in which the audited financial statement reports are being prepared;

Engr. Francis Agoha
Acting Managing Director
FRC/2024/PRO/COREN/004/668896

9 September 2024

Dr Napoleon David Okosu
Chief Financial Officer
FRC/2022/PRO/ICAN/001/840869

9 September 2024

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Ernst & Young
10th Floor
UBA House
57, Marina
P. O. Box 2442, Marina
Lagos.

Tel: +234 (01) 631 4500
Fax: +234 (01) 463 0481
Email: Services@ng.ey.com
www.ey.com

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IBADAN ELECTRICITY DISTRIBUTION COMPANY PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Ibadan Electricity Distribution Company Plc ('the Company'), which comprise the statement of financial position as at 31 December 2021, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Ibadan Electricity Distribution Company Plc as at 31 December 2021, and its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 35 to the financial statements which indicates that the Company reported a loss after tax of ₦62.89 billion (2020: ₦2.35 billion). As of that date, the Company had net current liabilities of N80.39 billion (2020: N42.26 billion).
The ability of the company to fully execute plans to resolve these matters and service debt is dependent on the company receiving additional funding and or support from the Federal Government of Nigeria and other shareholders.
These conditions, along with other matters discussed in Note 35 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and therefore may be unable to realise its assets and settle its liabilities in the ordinary course of business. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements of the current period. In addition to the matter(s) described in the *Material Uncertainty Related to Going Concern* section of our report, we have determined the matters described below to be the key audit matters to be communicated in our report. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IBADAN ELECTRICITY DISTRIBUTION COMPANY PLC - Continued
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matters - Continued

Key Audit Matter	How the matter was addressed in the Audit
Impairment loss on Trade Receivables	**Our Audit Procedures include:**
The Company reported a gross trade receivable of ₦190.17 billion as at 31 December 2021 (2020: ₦138.37 billion) and a related allowance for impairment loss of ₦99.72 billion (2020: ₦70.90 billion). This allowance for impairment loss represents 53% (2020: 52%) of the total trade receivables as at 31 December 2021. The Company's customers are classified based on their payment pattern as prepaid or postpaid customers. Recovery of amounts billed to post-paid customers remains a challenge. This in turn led to recognition of huge impairment loss of N28.82 billion in the year. We consider this as key audit matter because of the significance of the amount and involvement of high level of management judgement. The assessment of impairment allowance on trade receivables involves significant management judgement and estimates, and also the use of assumptions and complex model. The Company adopted the simplified approach in the assessment of the impairment allowance. Specifically, the model involves the following assumptions: ▸ methodology for the weighting of the multiple economic scenarios used in the ECL model. ▸ determining criteria for a significant increase in credit risk (SICR). ▸ determination of the credit quality of facilities and measurement of the default risk of obligors. ▸ incorporating forward-looking information in the model building process. ▸ factors incorporated in determining the Probability of Default (PD), the Loss Given Default (LGD), the Recovery Rate, and the Exposure at Default (EAD). The Company utilised the Simplified Approach for determining the ECL. Under this approach, ECL was arrived at by multiplying the outstanding receivable portfolio by the loss rate (determined based on historical information) adjusted for forward looking information (forecast inflation and GDP) which takes management's view of the future of the customer into account. See Note 5.13 to the financial statements for the accounting policies and balances of allowance for expected credit losses (ECL).	▸ We obtained an understanding of the Company's process for classification of its customers based on tariff bands and estimating the expected credit loss (ECL). ▸ We evaluated the Company's revenue billing systems and performed IT revenue and receivable assurance by recalculating the percentage of the amount received to the energy billed on a monthly basis. ▸ We checked the appropriateness of the categorisation of the trade receivables portfolio based on shared credit risk characteristics. ▸ We recalculated the loss rate spread across the different segments based on the following common credit risk characteristics - geographic region, metering status and volume of consumption. This was compared to the historical loss rate calculated by the Company's management. ▸ For forward looking assumptions (forecast inflation and GDP) used by the Company, we held discussions with management to evaluate the assumptions used and corroborated the assumptions using both internal and publicly available information. ▸ We assessed the adequacy of the IFRS 9 disclosures made in the financial statements for reasonableness.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IBADAN ELECTRICITY DISTRIBUTION COMPANY PLC - Continued
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Key Audit Matters - Continued

Recognition of tariff shortfalls (₦32.5 billion)	
The Nigerian Electricity Regulatory Commission (NERC) issued orders awarding tariff shortfalls to the Company over the periods 2015 to 2021. Based on the orders, the Company recognised a tariff shortfall of ₦323.6 billion (for 2015 - 2020) of which ₦80.6 billion was recognised in 2020, Additional shortfall of ₦32.5 billion was recognised in 2021. The recognition of tariff shortfalls is considered a matter of significance to our audit due to the nature and size of the tariff shortfalls. Refer to Notes 5.1 and 9.3 respectively for the accounting policy on recognition of tariff shortfalls and related disclosures.	▸ We assessed the NERC orders to evaluate whether the recognition of tariff shortfalls is appropriate. ▸ We confirmed that the tariff shortfall amount recognised by the Company was in line with the NERC orders; and evaluated the adequacy of the disclosures in the financial statements.

Other Matter

The financial statements of Ibadan Electricity Distribution Company Plc for the year ended 31 December 2020, were audited by another auditor who expressed an unmodified opinion on those financial statements on 15 December 2022.

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the document titled "Ibadan Electricity Distribution Company Plc Annual Report and Financial Statements for the year ended 31 December 2021", which includes the Report of the Directors, Corporate Information, Results at a Glance, Corporate Governance Report, Audit Committee Report, Statement of Directors' Responsibilities in relation to the preparation of the Financial Statements, Statement of Corporate Responsibility for the Financial Statements and Other National Disclosures. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, the provisions of the Companies and Allied Matters Act, 2020 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 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.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF IBADAN ELECTRICITY DISTRIBUTION COMPANY PLC - Continued
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the requirement of the Fifth Schedule of the Companies and Allied Matters Act, 2020, we confirm that:

i) We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;

ii) In our opinion, proper books of account have been kept by the Company, in so far as it appears from our examination of those books;

iii) The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Julius Dada, FCA
FRC/2013/PRO/ICAN/004/0000000674
For: Ernst & Young
Lagos, Nigeria
9 September 2024

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0453846

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	31 December 2021 ₦'000	31 December 2020 Restated* ₦'000
Revenue from contract with customers	9	161,243,679	174,758,004
Cost of sales	10	(144,814,533)	(120,630,155)
Gross profit		**16,429,146**	**54,127,849**
Other income	11	2,127,509	1,591,691
Administrative expenses	12	(14,144,192)	(12,374,428)
Impairment losses on financial assets	20.1	(28,822,345)	(18,731,910)
Operating (loss)/profit		**(24,409,882)**	**24,613,202**
Finance income	13.1	91,889	252,191
Finance costs	13.2	(37,764,338)	(26,772,383)
Loss before minimum tax and income tax expense		**(62,082,331)**	**(1,906,990)**
Minimum tax	16.1	(812,214)	(439,840)
Loss before income tax		**(62,894,545)**	**(2,346,830)**
Income tax expense	16.3	-	-
Loss for the year		**(62,894,545)**	**(2,346,830)**
Other comprehensive income, net of tax			
Items that will not be reclassified to profit or loss			
Revaluation surplus (gross)	24.2	-	44,230,621
Other comprehensive income		**-**	**44,230,621**
Total comprehensive (loss)/income		**(62,894,545)**	**41,883,791**
Basic loss per share (in Naira)	25	(6,289)	(235)

The accompanying notes to the financial statements form an integral part of these financial statements.

*Please refer to note 36 to the financial statements for more information regarding prior year restatements.

IBADAN ELECTRICITY DISTRIBUTION COMPANY PLC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Notes	31 December 2021	31 December 2020 Restated*	As at 1 January 2020 Restated*
ASSETS				
Non-current assets		₦'000	₦'000	₦'000
Property, plant and equipment	17	158,315,098	155,541,251	110,937,605
Intangible assets	18	649,123	867,157	1,476,170
Other assets	21	430,079	636,515	842,952
Total non-current assets		159,394,300	157,044,923	113,256,727
Current assets				
Inventories	19	555,703	816,029	1,253,721
Trade and other receivables	20	379,059,350	363,788,514	296,683,625
Other assets	21	206,437	206,437	206,437
Prepayments	22	3,423,730	3,911,364	1,370,237
Cash and cash equivalents	23	14,748,064	16,400,222	8,225,325
Total current assets		397,993,284	385,122,566	307,739,345
Total assets		557,387,584	542,167,489	420,996,072
EQUITY AND LIABILITIES				
Equity				
Share capital	24.1	5,000	5,000	5,000
Revaluation reserve	24.2	91,664,979	91,664,979	47,434,358
(Accumulated losses)/ retained earnings	24.3	(51,070,305)	11,824,240	14,171,070
Total equity		40,599,674	103,494,219	61,610,428
Liabilities				
Non-current liabilities				
Loans and borrowings	28	33,345,688	9,166,868	14,104,428
Deferred income	29	5,059,403	2,122,404	3,364,094
Total non-current liabilities		38,405,091	11,289,272	17,468,522
Current liabilities				
Deferred income	29	1,127,164	673,560	78,501
Trade and other payables	26	465,595,215	418,185,307	338,745,227
Contract liabilities	27	3,356,691	3,779,557	2,618,140
Loans and borrowings	28	6,970,919	3,966,397	-
Income tax payables	16.2	1,332,830	779,177	475,254
Total current liabilities		478,382,819	427,383,998	341,917,122
Total liabilities		516,787,910	438,673,270	359,385,644
Total equity and liabilities		557,387,584	542,167,489	420,996,072

The accompanying notes to the financial statements form an integral part of these financial statements.

The financial statements were approved by the Board of Directors on 9 September 2024 and signed on its behalf by:

Mr. Gbenga Alade	Engr. Francis Agoha	Dr. Napoleon David Okosu
Chairman	Acting Managing Director	Chief Financial Officer
FRC/2024/PRO/DIR/003/814756	FRC/2024/PRO/COREN/004/668896	FRC/2022/PRO/ICAN/001/840869

*Please refer to note 36 to the financial statements for more information regarding prior year restatements.

STATEMENT OF CHANGES IN EQUITY

	Share capital ₦'000	Revaluation reserve ₦'000	(Accumulated losses) / retained earnings ₦'000	Total ₦'000
As at 1 January 2020	5,000	47,434,358	16,163,511	63,602,869
Adjustment on correction of error*	-	-	(1,992,441)	(1,992,441)
As at 1 January 2020 (Restated)	**5,000**	**47,434,358**	**14,171,070**	**61,610,428**
Loss for the year (Restated)	-	-	(2,346,830)	(2,346,830)
Other comprehensive income				
Reserve transfer (Restated) Note 24.2	-	44,230,621	-	44,230,621
As at 31 December 2020 (Restated)	**5,000**	**91,664,979**	**11,824,240**	**103,494,219**
At 1 January 2021	**5,000**	**91,664,979**	**11,824,240**	**103,494,219**
Loss for the year	-	-	(62,894,545)	(62,894,545)
Other comprehensive income	-	-	-	-
As at 31 December 2021	**5,000**	**91,664,979**	**(51,070,305)**	**40,599,674**

The accompanying notes to the financial statements form an integral part of these financial statements.

*Please refer to note 36 to the financial statements for more information regarding prior year restatements.

STATEMENT OF CASH FLOWS

	Notes	31 December 2021 ₦'000	31 December 2020 Restated* ₦'000
Cash flows from operating activities			
Loss before tax		(62,082,331)	(1,906,990)
Adjustment			
Depreciation	17	5,611,013	5,227,548
Amortisation	18	613,227	689,040
Impairment allowance on receivables	20.1	28,822,345	18,731,910
Tarriff shortfall awarded by NERC	9.2	(32,525,202)	(80,603,085)
Reserve for inventory obsolescence	19.1	38,225	(56,296)
Recovered gas debt	10	206,437	206,437
Amortisation of deferred intervention revenue	11	(1,020,264)	(665,895)
Finance income	13.1	(91,889)	(252,191)
Finance costs	13.2	37,764,338	26,772,383
		(22,664,101)	(31,857,140)
Changes in working capital			
Decrease in inventories	38	222,101	493,988
Increase in trade and other receivables	38	(11,567,980)	(5,233,713)
Decrease/ (increase) in prepayments		487,634	(2,541,129)
Increase in trade and other payables	38	13,931,095	54,733,373
(Decrease)/ increase in contract liabilities		(422,866)	1,161,417
Cash (used in)/ from operating activities		**(20,014,117)**	**16,756,796**
Tax paid	16.2	(258,561)	(135,917)
Net cash flows (used in)/ generated from operating activities		**(20,272,678)**	**16,620,879**
Cash flows from investing activities			
Acquisition of property, plant and equipment	17	(8,384,861)	(5,600,572)
Acquisition of intangible assets	18	(395,193)	(80,027)
Finance income	13.1	91,889	252,191
Net cash flows used in investing activities		**(8,688,165)**	**(5,428,408)**
Cash flows from financing activities			
Proceeds from loans and borrowings	28	32,277,052	783,919
Principal repayment	28	(3,059,376)	(2,769,383)
Interest paid	28	(1,849,327)	(972,447)
Facility fee on bank guarantee	13.2	(59,664)	(59,664)
Net cash flows generated from /(used in) financing activities		**27,308,685**	**(3,017,575)**
Net (decrease)/increase in cash and cash equivalents		(1,652,158)	8,174,897
Cash and cash equivalents at the beginning of the year		16,400,222	8,225,325
Cash and cash equivalents at the end of the year	23	**14,748,064**	**16,400,222**

The accompanying notes to the financial statements form an integral part of these financial statements.

*Please refer to note 36 to the financial statements for more information regarding prior year restatements.

1 Reporting entity

Ibadan Electricity Distribution Company Plc was incorporated in Nigeria under the Companies and Allied Matters Act as a Public Limited Company on 8 November 2005 and domiciled in Nigeria.

Ibadan Electricity Distribution Company Plc ('the Company') is one of the eleven (11) electricity distribution companies in Nigeria. The Company was licensed in 2006 by the Nigeria Electricity Regulatory Commission (NERC) to distribute electricity to consumers in franchise areas of Nigeria: Oyo, Ogun, Osun, Kwara, parts of Kogi, Ekiti and Niger state.

The Company currently services over 2,000,000 customers and has its registered address as 115 M.K.O. Abiola Way, Ibadan, Oyo State, Nigeria.

2 Business transition

In 1999, the Federal Government of Nigeria set up the Electric Power Sector Implementation Committee (EPIC) to undertake a comprehensive study of the electricity power industry. The EPIC created Power Holding Company of Nigeria (PHCN), a company registered under the Companies and Allied Matters Act, to assume the assets, liabilities and employees of the former Federal Government parastatal- National Electric Power Authority (NEPA) that was in charge of electricity generation, transmission and distribution in Nigeria. PHCN was set up to achieve greater operational autonomy. The shares of PHCN were wholly owned by the Federal Government of Nigeria.

In 2005, PHCN was unbundled to form 6 electricity generation, 1 electricity transmission and 11 electricity distribution companies with the intent of sale of shares in these companies to private investors. The Federal Government also set up a special purpose agency, Nigeria Electricity Liability Management Company Ltd (NELMCO), to take over some assets and liabilities of these companies in order to sell the shares of the companies.

On 1 November 2013, Integrated Energy Distribution and Marketing Limited (IEDM) took over the management of Ibadan Electricity Distribution Company Plc after successful purchase of 60% of the shares of the company from the Federal Government. All electricity companies are regulated by the Nigerian Electricity Regulatory Commission (NERC), a Federal Government parastatal that ensures efficiency, stability and reliability in the supply of electricity in Nigeria. On 1 November 2013, NERC set up interim rules to regulate the electricity sector. These rules were a bridge to the Transitional Electricity Market (TEM). Transitional Electricity Market establishes a framework to govern trading arrangements during the Interim period when Power Purchase Agreements (PPAs) between the privatised Power Holding Company of Nigeria (PHCN), successor generation companies and Nigerian Bulk Electricity Trading Plc (NBET) and Vesting Contracts between Nigerian Bulk Electricity Trading "NBET" and the privatised PHCN successor distribution companies will not be effective.

On 1 July 2022, there was a takeover action on the company by Assets Management Corporation of Nigeria (AMCON); Bureau of Public Enterprises (BPE); and the Nigerian Electricity Regulatory Commission (NERC), hence the restructuring of its board and management. These changes have been filed with the Corporate Affairs Commission (CAC).

3 Going concern basis of accounting

These financial statements have been prepared on a going concern basis, which assumes that the Company will be able to realise its assets and settle its liabilities in the normal course of business. The directors have no doubt that the Company would remain in existence in the foreseeable future and for at least twelve (12) months from the date of the approval of the financial statements. See Note 35 for more details.

4 Basis of preparation

The financial statements have been prepared in compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS), including interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), the requirements of the Companies and Allied Matters Act, 2020 and the Financial Reporting Council of Nigeria Act, No. 6, 2011. The financial statements were authorised for issue by the Board of Directors on 9 September 2024.

4 Basis of preparation - Continued

The preparation of financial statements, in conformity with generally accepted accounting principles under IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires directors to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 5.

The financial statements have been prepared on a historical cost basis, except for items of property, plant and equipment, loans and borrowings, government grant that are carried at revalued amount or fair value. The financial statements are presented in Nigerian Naira. All values are rounded to the nearest thousand (₦'000), except where otherwise indicated.

5 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except if mentioned otherwise.

5.1 Revenue from contract with customers

Revenue primarily represents the sales value of electricity and other related energy services supplied to customers during the year and excludes Value Added Tax.

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

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Category of revenue	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Post-paid revenue	The performance obligation of the Company is satisfied overtime as electricity is supplied to the customers. Billing is done on a monthly basis and payment is contractually within 30 days of billing.	Revenue is recognised over time as electricity is provided. The amount of revenue to recognise during the year (including unbilled revenue for the value of units consumed by customers in December, extracted from the December meter reading (which will be billed in January)) is assessed based on the unit consumed method. The stand-alone selling price is determined based on the NERC approved tariff for the different categories of customers. The post-paid are majorly unmetered customers.

5.1 Revenue from contract with customers - continued

Category of revenue	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Prepaid revenue	Satisfaction of performance obligation is same as post-paid revenue. Payment is received in advance of consumption of electricity.	Revenue is recognised over time as electricity is provided. In case of prepaid customers, the company recognises the entire amount paid as revenue because customer's consumption over time can not be reliably measured. The stand-alone selling price is determined based on the NERC approved tariff for the different categories of customers.

5.1 **Tariff shortfalls**

Tariff shortfalls arising from the difference between actual end-user tariffs approved by the Nigerian Electricity Regulatory Commission (NERC) and cost-reflective tariffs allowed by NERC for recovery are based on regulatory orders and subject to recovery through means other than recovery through billings to customers. Revenue is recognised at the point in time the regulatory orders are issued and a financial asset is created or a financial liability is derecognised as might be applicable.

Billing of unmetered customers

Unmetered customers are billed by estimated reading from the feeder based on NERC directives on estimated billing. Metered customers (postpaid and prepaid) are billed based on energy consumed.

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment.

Where the entity has performed by transferring a good or service to the customer and the customer has not yet paid the related consideration, a contract asset or a receivable is presented in the statement of financial position, depending on the nature of the entity's right to consideration. A contract asset is recognised when the entity's right to consideration is conditional on something other than the passage of time.

A contract liability is presented in the statement of financial position where a customer has paid an amount of consideration prior to the entity performing by transferring the related good or service to the customer.

Non-paying customers: Under IAS 18, revenue from customers that fall in this category was not recognised as the revenue recognition criteria was not met. However, under IFRS 15 contracts which were initially assessed as not meeting the revenue recognition criteria were re-assessed, and subsequently recognised as revenue when all the revenue recognition criteria were met.

5.2 **Finance income and finance costs**

Finance income comprises interest income on short-term deposits with banks and foreign exchange gains. Interest income on short-term deposits is recognised using the effective interest method. In addition, day-one-gain on initial recognition of loans at fair value are recognised as finance income.

Finance costs comprise interest expense on interest bearing liabilities, unwinding discount from Credited Advanced Payment for Metering Implementation (CAPMI) and foreign exchange losses. Borrowing costs that are not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss using the effective interest method.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

Foreign exchange gains and losses are recognised on net basis.

5.2 Finance income and finance costs - Continued

Write back of interest attributable to tariff shortfalls and interest expenses on liabilities to NBET are recognised on a net basis as either finance income or finance cost depending on whether the summation of both results in a net gain or a net loss position.

5.3 Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in the functional currency (Nigerian Naira) at the spot exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the spot rates of exchange prevailing at that date.

Foreign currency differences are generally recognised in profit or loss. 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 not translated.

5.4 Property, plant and equipment

i) Recognition and measurement

Land, buildings and distribution network assets are measured at revalued amounts. Revaluation is done once every five years by an independent third party valuer. The last valuation was performed on 24 August 2021 for the year ended 31 December 2020 by (Dr.) Abiodun Oni with the registration number FRC/2015/NIESV/00000012607 of Oni Ibitoye & Co.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset.

All other items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Increases in the carrying amount arising on revaluation of land, buildings and distribution network assets are recognised in other comprehensive income (OCI) and shown as revaluation reserve in equity. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and reduces the amount accumulated in equity under the heading of revaluation reserve; all other decreases are recognised in profit or loss.

Likewise, increases that offset previous deficits of the same asset are recognised in the profit or loss to the extent of the previous decrease.

Assets under construction are stated at cost which includes cost of materials and direct labour and any costs incurred in bringing it to its present location and condition.

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

ii) Subsequent expenditure

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset as appropriate, only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss during the financial period in which they are incurred.

5.4 Property, plant and equipment - Continued

iii) Depreciation

Depreciation is calculated to write off the cost or revalued amount 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.

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

	Life (years)
Buildings	5-50
Distribution network assets	15-50
Motor vehicles	5
Equipment, fixtures & fittings	5

Capital work-in progress is not depreciated until when the asset is available for use and transferred to the relevant category of property, plant and equipment.

Capital spares are not depreciated until when the assets are installed and transferred to the relevant asset class of property, plant and equipment.

Land is not depreciated as it is a leasehold asset with an indefinite useful life.
Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv) Derecognition of PPE

The carrying amount of an item of property, plant and equipment shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gains or loss arising from the derecognition of an item of property, plant and equipment shall be included in profit or loss when the item is derecognised.

v) Contribution of assets by customer

Contributions by customers of items of property, plant and equipment, which require an obligation to supply goods to the customer in the future, are recognised at the fair value when the Company has control of the item. The Company assesses whether the transferred item meets the definition of an asset, and if so recognises the transferred asset as PPE.

At initial recognition, its cost is measured at fair value, and a corresponding amount is recognised in revenue when the Company has no future performance obligations. If the Company is yet to discharge the future performance obligation, the corresponding amount is recognised as a deferred income pending the performance of the obligation. This is then released to revenue as the performance obligation is discharged overtime.

vi) Work in progress

Work in progress is stated at cost, which includes cost of construction, plant and equipment and other direct costs. Work in progress is not depreciated until such time that the relevant assets are substantially completed and available for their intended use.
Major spare parts and stand-by equipment qualify as property, plant and equipment when the Company expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment under work in progress.

5.5 Intangible assets

Intangible assets with finite useful lives that are acquired separately are measured at cost less accumulated amortisation and accumulated impairment losses. Acquired computer software licenses are capitalised on the basis of its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the software for its intended use.

5.5 Intangible assets - Continued

Research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete, and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

i) ***Subsequent expenditure***

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

ii) ***Amortisation***

Amortisation is calculated to write-off the cost of intangible assets less the estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in profit or loss.

The estimated useful life of items of intangible assets are as follows:

	Life (years)
Computer software licenses	5

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

Derecognition of Intangible Assets

The carrying amount of an item of intangible assets shall be derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The gains or losses arising from the derecognition of an item of intangible asset shall be included in profit or loss when the item is derecognised.

5.6 Financial instruments

Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, if any in the case of all financial assets not carried at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial liability is initially measured at fair value minus transaction costs that are directly attributable to its acquisition.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVTOCI) – debt investment; FVOCI – equity investment; or FVTPL (Fair value through profit or loss).

5.6 Financial assets - Continued

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by- investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets-Business model assessment

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

– the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
– how the performance of the portfolio is evaluated and reported to the Company's management;
– the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

– how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

– the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

5.6 Financial assets - Continued

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

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

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

Financial assets- Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest (EIR) method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment loss are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

The Company classifies non-derivative financial liabilities into the other financial liabilities' category.

All financial liabilities are initially recognised on the trade date when the entity becomes a party to the contractual provisions of the instrument.

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 amortized cost using the effective interest method. Non-derivative financial liabilities with maturity date more than twelve months from the year end are classified as non-current. Otherwise they are classified as current.

Derecognition

Financial assets

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 in a transaction in which substantially all of 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 derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

5.7 Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

Financial liabilities

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

5.7 Loans and borrowings - Continued

Offsetting

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.

5.8 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

5.9 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 as share capital at their par value. The excess of the issue price over the par value 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.

5.10 Government grants

The Company benefits from Federal Government intervention in the power sector through funds provided to ensure liquidity in the industry and assets granted to power sector participants. The Federal Government of Nigeria through the Central Bank of Nigeria provides finance to these power sector participants at subsidised interest rates. The Federal Government of Nigeria also provides vital core infrastructure to the market participants.

These 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 associated asset.

Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

5.11 Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on weighted average cost principle. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

Inventory comprises of distribution materials, cables and conductors, pillars and insulators, stationeries and safety tools.

Subsequent to initial recognition, inventory is measured at the lower of cost and net realisable value. Any write-down of inventory to net realisable value is recognised in the statement of profit or loss. The cost of inventories is based on weighted average cost principle. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

5.12 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

5.12 Leases - Continued

As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component. The company currently has no lease.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of- use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Generally, the Company uses its incremental borrowing rate as the discount rate.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

–– fixed payments, including in-substance fixed payments;

–– variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

–– amounts expected to be payable under a residual value guarantee; and

–– the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in- substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

5.13 Impairment of financial assets

Non-derivative financial assets

Financial instruments and contracts assets

The Company recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost; and
- Contract assets

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

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

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

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

The Company considers a financial asset to be in default when:
–– the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
–– the financial asset is more than 90 days past due.

The Company considers a debt security to have low credit risk when the security is held with a financial institution that have high credit ratings and meet the cash and liquidity thresholds set by the Central Bank of Nigeria (CBN).

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

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

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

Measurement of ECL

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

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 360 days past due;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For customers, the Company makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5.14 Non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. 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 amortization, if no impairment loss had been recognised.

5.15 Employee benefits

Short term employee benefits

Short – term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employee renders the related service. Short-term employee benefits 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.

5.15 Employee benefits - Continued

Defined contribution plan

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or 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 all staff effective from 1 November 2013. 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.

5.16 Provisions and contingencies

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

Onerous contract

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

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.

Contingent assets

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

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

If the likelihood of an inflow of resources is remote, the possible asset is neither an asset nor a contingent asset and no disclosure is made.

5.17 Fair value measurement

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

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument.

A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

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

5.18 Taxation

Income tax

Income tax expense comprises current tax (company income tax, tertiary education tax, and Nigeria Police Trust Fund levy) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

The Company has determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to 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 tax, if any.

It is measured using tax rates enacted or substantively enacted at the reporting date and is assessed as follows:

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year)

Current tax assets and liabilities are offset if certain criteria are met.

Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and minimum tax. Taxes based on profit for the period are treated as income tax in line with IAS 12.

5.18 Taxation - Continued

Offset of current tax assets against current tax liabilities

The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the Company has a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefits would be realised.

Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by each reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences.

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company as approved by the Board.

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 are reassessed at each reporting date and recognised to the extent that it has become probable that future 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.

Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss.

The Financial Act 2021 introduces a reduced minimum tax rate of 0.25% (previously 0.5%) of gross turnover less franked investment income for tax returns prepared and filed for any two accounting periods ending on any date between 1 January 2019 and 31 December 2021. The Company has however taken advantage of this provision in the financial years ended 31 December 2019 and 31 December 2020. Hence, the minimum tax on the Company will now continue to be assessed based on 0.5% of the gross turnover.

Minimum tax - Continued

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognised in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as minimum tax.

5.19 Operating profit/loss

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

Measurement of fair values

Some of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Company has an established control framework with respect to the measurement of fair values. The Chief Finance Officer (CFO) has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Audit Committee and Board of Directors.

The 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 CFO 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 Audit Committee and 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 categorized 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.

5.20 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, (i.e. capitalised) until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Currently, the Company has no qualifying assets on which borrowing costs are being capitalised.

5.21 Cost of sales

Cost of sales includes the cost of energy, other electricity purchased, staff cost of distribution (technical staff), depreciation of distribution assets and any direct costs for the distribution of energy.

Cost of energy refers to all costs incurred in the purchase of energy from suppliers. This comprises of cost of energy purchased from Nigerian Bulk Electricity Trading (NBET) and service charges from Market Operators (MO)

5.22 Tariff shortfall

Tariff shortfalls arising from the difference between actual end-user tariffs approved by the Nigerian Electricity Regulatory Commission (NERC) and cost-reflective tariffs allowed by NERC for recovery are based on regulatory orders and subject to recovery through means other than billings to customers. Shortfalls are recognised in profit or loss as revenue in the periods the shortfalls are approved by NERC. Tariff shortfalls relating to prior periods are recognised in revenue in the current period upon NERC approval.

5.23 Statement of cash flows

Statement of cash flows is prepared using the indirect method. Changes in Statement of financial position items that have not resulted in cash flows such as fair value changes and other non-cash items, have been eliminated for the purpose of preparing the statement. Interest paid are also included in financing activities while interest income received is included in investing activities.

5.24 Other assets

Other assets recognised in line with the guidance of the Multi Year Tariff Order (MYTO) 2.1 Order number NERC/135 of the Nigerian Electricity Regulatory Commission (NERC) arose from the recoverable legacy gas debt paid by the Central Bank of Nigeria (CBN) to gas producers the Nigerian Gas Company Limited from the loan given to the Company as part of the intervention loan given to distribution companies.

The debt paid to gas producers and the Nigerian Gas Company Limited by the CBN on behalf of the Company relates to outstanding bills of the Power Holding Company of Nigeria (PHCN), before the acquisition of 60% of the shares of IBEDC from the Federal Government of Nigeria.

The debts are expected to be recovered from subsequent billings to customers over a period of ten (10) years through the electricity retail tariff as stated in the MYTO 2.1.

The part of the debts to be recovered within 12 months is recognised as current asset while the part to be recovered after 12 months is recognised as non-current asset.

5.25 Contract liabilities

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related services. Contract liabilities are recognised as revenue when the Company performs under the contract (i.e., transfers control of the related services to the customer).

Customers pay for meters under different metering schemes where there are arrangements for customers to recoup cost of meters through subsequent energy units when customers vend. The recoup is done within 18 to 36 months depending on the vending pattern of customers and the applicable metering scheme.

6 Significant accounting judgements, estimates and assumptions

The preparation of the Company's historical financial information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

6.1 Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

6.2 Revenue from contracts with customers

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

6.3 Determining the timing of satisfaction

The Company concluded that revenue from energy and capacity charge will be recognised over time because, as the Company performs, the customer simultaneously receives and consumes the benefits provided by the Company's performance.

The Company has determined that the output method is the best method in measuring progress rendering the services to the customer. The output method recognises revenue based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.
The Company has assessed that there is a direct relationship between the Company's measurement of the value of goods or services transferred to date, relative to the remaining goods or services promised under the contract.

6.4 Useful lives of property, plant and equipment

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

6.5 Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

6.6 Revaluation of properties, plant and equipment

The company measures Land, building and distribution network assets using the revaluation model. The valuation is carried out by an independent valuer using the exchange worth in the open market for the Land and building and depreciated replacement approach for distribution network assets. The key assumptions used to determine the fair value and sensitivity analysis are disclosed in Note 17.

7 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

7.1 IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 Insurance Contracts (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features.

A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

7.2 Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company will apply this amendment when it becomes effective on 1 January 2023.

7.3 Reference to the Conceptual Framework – Amendments to IFRS 3

In May 2020, the IASB issued Amendments to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 Levies, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.
The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

7.4 Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued Property, Plant and Equipment — Proceeds before Intended Use, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

7.5 Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

7.6 IFRS 1 First-time Adoption of International Financial Reporting Standards – Subsidiary as a first-time adopter

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued an amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards. The amendment permits a subsidiary that elects to apply paragraph D16(a) of IFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to IFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of IFRS 1.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Company.

7.7 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities

As part of its 2018-2020 annual improvements to IFRS standards process the IASB issued amendment to IFRS 9. The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

7.7 IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities - Continued

An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The Company will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

7.8 IAS 41 Agriculture – Taxation in fair value measurements

As part of its 2018-2020 annual improvements to IFRS standards process, the IASB issued amendment to IAS 41 Agriculture. The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have impact on the Company.

7.9 Definition of Accounting Estimates - Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of 'accounting estimates'. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The amendments are not expected to have a material impact on the Company.

7.10 Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures.

The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted.

Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

7.11 Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The IASB proposed amendments to IAS 12 that would require an entity to recognise deferred tax on initial recognition of particular transactions to the extent that the transaction gives rise to equal amounts of deferred tax assets and liabilities. The proposed amendments would apply to transactions such as leases and decommissioning obligations for which an entity recognises both an asset and a liability.

The Board expects that applying the proposed amendments would increase comparability between entities and would result in useful information for users of financial statements. This is because it would align the accounting for the tax effects of particular transactions with the general principle in IAS 12 of recognising deferred tax for all temporary differences. The amendments are not expected to have a material impact on the Company.

7.12 **Lease liability in a Sale and Leaseback – Amendments to IFRS 16**

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendment is effective for annual reporting periods beginning on or after 1 January 2024 and applies to seller-lessee. A seller lessee applies the amendment retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application (i.e., the amendment does not apply to sale and leaseback transactions entered into prior to the date of initial application). The date of initial application is the beginning of the annual reporting period in which an entity first applied IFRS 16. Earlier application is permitted, and that fact must be disclosed. The Company is currently assessing the impact of the amendments to determine the impact they will have on the Company's financial statements.

8 **New and amended standards adopted by the Company**

The following amendments became effective during the year, but had no material impact on the Company

i Interest Rate Benchmark Reform - Phrase 2: Amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16.
ii Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16.
iii Definition of a business: Amendment to IFRS 3.
iv Conceptual framework for financial reporting - Revised.

9 Revenue from contracts with customers

9.1 Revenue streams

Revenue comprise amounts derived from delivery of electricity and other related services across the Company's distribution network within the franchise areas of Oyo State, Ogun State, Osun State, Kwara State, parts of Kogi, Ekiti and Niger States.

The breakdown of revenue based on the consumption of electricity by customers is as follows:

	31 December 2021 ₦'000	31 December 2020 Restated* ₦'000
Residential	64,927,346	48,110,128
Commercial	22,392,407	16,297,187
Industrial	41,356,576	29,668,245
Street lighting	42,148	26,231
Tariff shortfall (Note 9.3)	32,525,202	80,603,085
Other electricity sales (Note 9.4)	-	53,128
	161,243,679	174,758,004

9.2 Revenue by customer category

Postpaid	115,850,322	84,302,354
Prepaid	12,421,895	9,636,550
	128,272,217	93,938,904
Other revenue:		
Customer contributed assets (Note 9.5)	446,260	162,887
Tariff shortfall (Note 9.3)	32,525,202	80,603,085
Other electricity sales (Note 9.4)	-	53,128
	161,243,679	174,758,004

During the year, total energy billed amounted to ₦128.27 billion (2020: ₦93.94 billion), while total receipts within the year amounted to ₦ 89.6 billion (2020: ₦61.3 billion).

9.3 Tariff shortfall

This amount relates to tariff shortfall computed by the Nigerian Electricity Regulatory Commission (NERC). On 31st December 2021, NERC issued an extraordinary review of Multi Year Tariff Order (Order No: NERC/299/2021) (MYTO) titled "Multi Year Tariff Order - 2022 (MYTO - 2022) for Ibadan Electricity Distribution Company Plc (IBEDC)". The order was issued by NERC in a bid to steer the Nigerian Electricity Supply Industry (NESI) to a gradual transitioning to Cost Reflective Tariffs (CRT) so as to allow Electricity Distribution Companies cover their costs and earn returns on their investments. The order awarded the Company a total sum of NGN 32.5 billion for the year ended 31 December 2021. This shortfall is to be recognised in other receivables and subsequently as a reduction in the liability due to the Nigerian Bulk Electricity Trading Plc (NBET) when the relevant credit notes are raised by NBET in line with NERC guidance.

9.4 Other electricity sales

Other electricity sales relate to revenue earned from the sales of energy sourced from companies other than NBET and MO. Some companies within the franchise area have licenses to generate their electricity. These companies often generate excess electricity and therefore enters an agreement with the Company to distribute excess energy to customers around them.

9.5 Customer contributed assets

Customer contributed assets relate to revenue from the energy credit received by customers during the year. The Nigerian Electricity Regualtory Commission (NERC) issued the Meter Asset Provider (MAP) Regulation requiring all distribution companies to engage the services of MAPs towards covering the metering gap in the country. Under the MAP regulation, customers finance their meter procurement and would be refunded within a period of 36 months through energy credit.

9.6 Contract balances

	31 December 2021	31 December 2020 Restated*
	₦'000	₦'000
Trade receivables (Note 20)	190,172,956	138,366,658
Contract liabilities (Note 27)	3,356,691	3,779,557

10 Cost of sales

	31 December 2021	31 December 2020
	₦'000	₦'000
Cost of energy	137,254,930	113,779,624
Recovered gas debt *	206,437	206,437
Other electricity purchased**	-	27,523
Reserve for inventory obsolescence (Note 19.1)	38,225	(56,296)
Salaries and wages (Note 15)	2,114,928	1,951,401
Depreciation (Note 17.9)	5,200,013	4,721,466
	144,814,533	120,630,155

* As stated in the Agreement, the CBN/NEMSF loan facility given to the Electricity Distribution Companies (Discos) was partly to finance certain identified legacy gas debts owed by Nigerian Electricity Supply Industry (NESI) players, accrued up to 1 November 2013 hand over date. This loan is to be recovered from customers over a period of ten (10) years through the electricity retail tariff. IBEDC, in 2016, began including legacy gas debt in its profit or loss pending the expiration of the moratorium period.

** Other electricity purchased is energy bought from third party (such as British American Tobacco) as distinct from IBEDC major supplier of electricity; Nigerian Bulk Electricity Trading Plc. (NBET).

11 Other income

	31 December 2021	31 December 2020 Restated*
	₦'000	₦'000
CAPMI installation fees (Note 27)	252,877	260,782
Reconnection fee	153,363	158,310
Amortisation of deferred intervention revenue (Note 29)	1,020,264	665,895
Sundry income	701,005	506,704
	2,127,509	1,591,691

Amortisation of deferred intervention revenue represents the yearly unwound portion of the 'Deferred Intervention income' recognised with respect to the Company's Loan facilities.

Sundry income relates to income generated from tender fees paid by vendors and penalty fees on illegal connection and reconnection of disconnected electric cables.

12 Administrative expenses

	31 December 2021 ₦'000	31 December 2020 ₦'000
Advertisement and publicity	57,077	120,720
Amortisation of intangible assets (Note 18)	613,227	689,040
Asset and customers enumeration*	277,070	105,000
Audit fees	35,000	32,250
Bank charges	4,292	14,157
Business development	61,035	19,186
Claims	29,358	29,569
Collection fees **	2,645,732	1,925,173
Consulting and other professional fees	292,411	333,429
Depreciation (Note 17.9)	411,000	506,082
Directors' remuneration (Note 15.2)	163,296	166,208
Distribution costs	3,656	3,081
Donation	2,564	53,022
Employee welfare (Note 15.1)	403	41,074
Entertainment	24,214	19,610
Haulage and vehicle	48,039	49,288
Health and safety	174,168	103,753
Insurance	131,136	149,513
ITF contribution (Note 15.1)	48,333	45,899
Levies (Note 15.1)	2,918	20,162
Medical (Note 15.1)	256,695	192,518
Meter reading	65,024	42,921
Miscellaneous	97,615	77,685
Motor vehicle running and repairs	150,019	118,591
NSITF (Note 15.1)	48,333	45,899
Penalty and interest	235,542	-
Pension (Note 15.1)	66,659	60,123
Pre-acquisition expense paid to NELMCO	-	160,000
Printing and stationeries	76,937	68,938
Rent and rates	86,970	85,475
Repairs and maintenance	1,099,915	641,159
Salaries and wages (Note 15.1)	4,973,492	4,909,739
Security	831,782	948,732
Subscription and fees	193,341	75,066
Telephone and other utilities	370,991	259,899
Training (Note 15.1)	74,829	63,500
Transport and travelling	491,119	197,967
	14,144,192	**12,374,428**

*Asset and Customer Enumeration relates to asset mapping, customer enumeration, survey and technical audit.
This relates to the core distribution activities of IBEDC Plc. including salaries and related costs of staff responsible for these activities and various maintenance of the power lines and other equipment for distributing electricity.

** Collection fees relate to commission charged by Funds and Electronics Technology Solutions (FETS) for collections by FETS during the year.

13 Finance income and costs

		31 December 2021	31 December 2020 Restated*
		₦'000	₦'000
13.1	**Finance income**		
	Interest Income	91,889	252,191
		91,889	252,191
13.2	**Finance costs**		
	Interest on CBN-NEMSF (Note 28)	4,225,861	2,084,513
	Interest on NBET and ONEM bills	33,478,813	24,628,206
	Facility fee bank guarantee	59,664	59,664
		37,764,338	26,772,383
	Net finance costs	**37,672,449**	**26,520,192**

*Please refer to note 36 to the financial statements for more information regarding prior year restatements.

Interest Income
Fair value gain represents surplus accrued from fair valuing the tranches from Central Bank of Nigeria - Nigeria Electricity Market Stabilisation Fund (CBN-NEMSF) obtained by IBEDC. This is done on a yearly basis using the prevailing market rate in conformity with IFRS and other standards issued by the International Accounting Standards Board (IASB) on Government grants and borrowing costs.

14 Loss before taxation

Loss before taxation is stated after charging:

		31 December 2021	31 December 2020
		₦'000	₦'000
Depreciation	Note 17	5,611,013	5,227,548
Amortisation	Note 12	613,227	689,040
Staff costs	Note 15	7,583,672	7,310,153
Impairment of trade receivables	Note 20.1	28,822,345	18,731,910
Directors' remuneration	Note 12	163,296	166,208
Audit fees	Note 12	35,000	32,250

15 Employee expenses

Aggregate staff costs included in:

	31 December 2021	31 December 2020
	₦'000	₦'000
Cost of sales (Note 10)	2,114,928	1,951,401
Administrative expenses (Note 15.1)	5,468,744	5,358,752
	7,583,672	7,310,153

15.1 Employee expenses in administrative expenses

	31 December 2021 ₦'000	31 December 2020 ₦'000
Salaries and wages (Note 12)	4,973,492	4,909,739
Employee welfare (Note 12)	403	41,074
ITF contribution (Note 12)	48,333	45,899
Pension (Note 12)	66,659	60,123
Medical (Note 12)	256,695	192,518
NSITF (Note 12)	48,333	45,899
Training (Note 12)	74,829	63,500
	5,468,744	5,358,752

The table below shows the number of employees of the Company whose duties were wholly or mainly discharged in Nigeria, who received remuneration during the year in the following ranges:

Amount (₦)	31 December 2021 ₦'000	31 December 2020 ₦'000
200,001 - 800,000	469	511
800,001 - 1,400,000	647	523
1,400,001 - 2,000,000	644	546
2,000,001 - 3,000,000	535	681
3,000,000 - 4,000,000	148	148
4,000,000 - 5,000,000	62	46
5,000,000 and above	89	103
	2,594	2,558

The average number of full time personnel employed by the company during the year are as follows:

	31 December 2021 Number	31 December 2020 Number
Operations	2,221	2,131
Administration	373	427
	2,594	2,558

15.2 Director remuneration

	31 December 2021 ₦'000	31 December 2020 ₦'000
Directors' remuneration paid and accrued during the year comprises:		
Director fees	50,000	50,000
Other emoluments*	113,296	122,157
	163,296	172,157

*Other emolument comprises mainly of sitting allowance and housing allowance.

	2021 ₦'000	2020 ₦'000
The directors' remuneration shown above includes:		
Chairman	33,302	46,157
Highest paid director	33,302	46,157

15.2 Director remuneration - continued

The number of directors (excluding the Chairman and highest paid director) who received emoluments excluding pension contributions and certain benefits were within the following range:

	31 December 2021	31 December 2020
	Number	Number
10,000,000 - 40,000,000	5	5

	31 December 2021	31 December 2020 *Restated
16 Taxation	₦'000	₦'000
16.1 Minimum tax		
Minimum tax	812,214	439,840
	812,214	439,840

The Finance Act 2020 reduced the minimum tax rate to 0.25% for the two tax returns that are due between 1 January 2019 to 31 December 2020 or 1 January 2020 to 31 December 2021. The Company has, however, elected to opt for 0.25% for both the 2020 and 2021 years of assessment as a COVID-19 tax incentive for companies operating in Nigeria.

The Company is assessed based on minimum tax because it does not have an assessable profit and taxable profit for the year ended 31 December 2021. The company calculated minimum tax at 0.5% of gross turnover for the year, less franked investment income. The charge for taxation in these financial statements is based on the provisions of section 33 subsection (2) of the Companies Income Tax Act, CAP C21, LFN, 2004 as amended by the Finance Act, 2021. The company applied this rule in its financial statements and hence was liable to pay a minimum tax of ₦812.21 million (2020: ₦439.8 million) for the year.

	31 December 2021	31 December 2020 Restated*	1 January 2020 Restated*
16.2 Statement of financial position	₦'000	₦'000	₦'000
As at 1 January	779,177	475,254	149,904
Minimum tax	812,214	439,840	439,337
	1,591,391	915,094	589,241
Over provision in 2019 and 2020 Years of Assessment	-	-	(93,987)
Payment during the year	(258,561)	(135,917)	(20,000)
As at 31 December	1,332,830	779,177	475,254

16.3 Reconciliation of tax expense and the accounting profit multiplied by the Company's domestic tax rate for 2021 and 2020

	31 December 2021 ₦'000	31 December 2020 N'000
Accounting loss before minimum tax	(62,082,331)	(1,906,990)
Tax at Nigerian statutory income tax rate of 30%	-	-
Impact of unrecognised tax losses carried forward	-	-
Impact of unrecognised capital allowances carried forward	-	-
Impact of disallowable expenses	-	-
Impact of restatement	-	-
Income tax expense	-	-
Effective tax rate	0.00%	0.00%

16.4 Unrecognised deferred tax assets

Deferred tax assets have not been recognised because it is not probable that future taxable profits will be available against which the Company can use the benefits therefrom.

	31 December 2021 ₦'000	31 December 2020 ₦'000
Deferred tax asset		
Balance as at 1 January	84,193,678	2,774,899
Deferred tax asset during the year	50,687,879	81,418,779
	134,881,557	**84,193,678**
Comprising:		
Reserve for inventory obsolescence	44,335	29,457
Impairment losses on financial assets	32,409,026	21,269,321
Unrelieved losses	65,939,097	26,430,676
Capital allowances	36,489,099	36,464,224
	134,881,557	**84,193,678**
Deferred tax liability		
Balance at January 1	43,289,742	-
Deferred tax liability arising during the year	549,008	30,020,556
Deferred tax liability arising from the revaluation surplus during the year	-	13,269,186
Balance at December 31	43,838,750	43,289,742
Comprising:		
Property, plant and equipment	43,838,750	43,289,742
	43,838,750	43,289,742
Net unrecognised deferred tax asset		
Deferred tax asset	134,881,557	84,193,678
Deferred tax liability	(43,838,750)	(43,289,742)
Balance at 31 December	91,042,807	40,903,936

The Company has a net deferred tax asset of ₦91.04 billion as at 31st December 2021 (2020: ₦40.90 billion) arising from tax losses, accelerated capital deductions and provisions. Management is of the view that there would be no sufficient future taxable profits against which the net deferred tax asset would be offset. These net deferred tax assets have not been recognised in the financial statements.

17 Property, plant and equipment

17.1

	Land	Buildings	Distribution network assets	Office furniture, fittings and equipment	Motor vehicles	Capital spares	Capital work in progress	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost:								
Balance as at 1 January 2020 (Restated)	3,676,057	1,873,117	123,636,630	1,187,201	1,729,651	4,428,420	120,613	136,651,689
Additions (Restated)	-	-	4,681,530	674,142	229,814	13,309	1,777	5,600,572
Transfers	-	-	1,051,490	-	-	(1,051,490)	-	-
Revaluation surplus/(deficit)	616,644	374,292	43,191,101	(463,669)	512,253	-	-	44,230,621
Balance as at 31 December 2020 (Restated)	4,292,701	2,247,409	172,560,751	1,397,674	2,471,718	3,390,239	122,391	186,482,882
Additions	-	-	7,474,531	125,496	268,186	-	516,648	8,384,861
Transfers	-	-	2,276,154	-	-	(2,097,730)	(178,424)	-
Balance as at 31 December 2021	4,292,701	2,247,409	182,311,436	1,523,170	2,739,904	1,292,509	460,615	194,867,743
Depreciation								
Balance as at 1 January 2020	-	223,975	23,729,051	651,393	1,109,665	-	-	25,714,084
Charge for the year	-	37,461	4,721,466	221,504	247,117	-	-	5,227,548
Balance as at 31 December 2020	-	261,436	28,450,517	872,897	1,356,782	-	-	30,941,632
Charge for the year	-	39,719	5,200,013	119,684	251,597	-	-	5,611,013
Balance as at 31 December 2021	-	301,155	33,650,530	992,581	1,608,379	-	-	36,552,645
Net book value								
As at 31 December 2021 (Restated)	4,292,701	1,946,254	148,660,906	530,589	1,131,525	1,292,509	460,615	158,315,098
As at 31 December 2020 (Restated)	4,292,701	1,985,973	144,110,234	524,777	1,114,936	3,390,239	122,391	155,541,251
As at 1 January 2020 (Restated)	3,676,057	1,649,142	99,907,579	535,808	619,986	4,428,420	120,613	110,937,605

17.2 Capital work-in progress represents costs incurred in respect of property, plant and equipment (PPE) items in store and ongoing works with respect to substations. These costs will be transferred to the various asset classes on completion. During the year, distribution network assets of N516.6 million was added to the capital work in progress, while N178.4 million was reclassified from capital work in progress to distribution network assets under property, plant, and equipment.

17.3 **Assets pledged as security**

None of the Company's assets have been pledged as security during the year (2020: Nil).

17.4 **Capital commitments**

The Company had no capital commitments during the year (2020: Nil).

17.5 **Revaluation**

Independent valuation of the Company's land, building and distribution network assets are performed by external valuers to determine their fair values.

On 24 August 2022, the Company revalued its land, buildings and distribution network assets for the year ended 31 December 2020. The valuation was performed by (Dr.) Abiodun Oni with the registration number FRC/2015/NIESV/00000012607 of Oni Ibitoye & Co, an external valuer.

The fair value of the land, buildings and distribution network assets was determined to be N152 billion, resulting in a net surplus of N44.2 billion and recognised in the Other Comprehensive Income in 2020. The revaluation is done once every five years in line with the Company's accounting policy. The valuers used the Direct Sale Comparison and the Depreciated Replacement Cost approaches in valuing the assets. While the former was used to value the land component of the land and building assets, the latter was adopted for the building component and other categories of assets.

17.6 If the land, buildings, distribution network assets, office furniture, fittings and equipment and motor vehicles were measured using the cost model, the carrying amounts would be as follows:

	Land	Buildings	Distribution network assets	Office furniture, fittings and equipment	Motor vehicles	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Cost	3,676,057	1,873,117	138,068,845	1,986,839	2,227,651	147,832,509
Accumulated depreciation	-	301,155	33,650,530	992,581	1,608,379	36,552,645
Net carrying amount as at 31 December 2021	3,676,057	1,571,962	104,418,315	994,258	619,272	111,279,864

17.7 **Customer contributed assets**

There is no addition to customer contributed assets during the year (2020: nil).

17.8 Capital spares refers to items such as substation distribution transformers and distribution transformer meters (DT meters) which were ordered and delivered to stores close to year-end but are yet to be installed. These costs will be transferred to the various asset classes upon installation. Therefore, no depreciation is charged on these assets until they are transferred to the appropriate class of asset.

17.9 Analysis of depreciation

	31 December 2021 ₦'000	31 December 2020 ₦'000
Cost of sales (Note 10)	5,200,013	4,721,466
Administrative expenses (Note 12)	411,000	506,082
	5,611,013	5,227,548

18 Intangible assets

	Computer software ₦'000	Development cost ₦'000	Total ₦'000
Cost			
Balance as at 1 January 2020 (Restated)	2,649,334	262,695	2,912,029
Additions (Restated)	65,446	14,581	80,027
Balance as at 31 December 2020	**2,714,780**	**277,276**	**2,992,056**
Balance as at 1 January 2021 (Restated)	2,714,780	277,276	2,992,056
Additions	395,193	-	395,193
Transfer	262,695	(262,695)	-
Balance as at 31 December 2021	**3,372,668**	**14,581**	**3,387,249**
Accumulated amortisation			
Balance as at 1 January 2020	1,435,859	-	1,435,859
Charge for the year	689,040	-	689,040
Balance as at 31 December 2020	**2,124,899**	**-**	**2,124,899**
Balance as at 1 January 2021	2,124,899	-	2,124,899
Charge for the year	613,227	-	613,227
Balance as at 31 December 2021	**2,738,126**	**-**	**2,738,126**
Net book value			
As at 31 December 2021	**634,542**	**14,581**	**649,123**
As at 31 December 2020	**589,881**	**277,276**	**867,157**

Development costs relate to Sage enterprise resource planning (ERP) software. During the year, the amount of ₦262 million was transferred to computer software upon completion, thereby leaving a balance of ₦14.58 million.

Transferred asset relates to Sage enterprise resource planning (ERP) software which was completed and deployed during the year.

Amortisation of intangible assets is included as part of administrative expenses (Note 12).

19 Inventories

	31 December 2021	31 December 2020 Restated*	As at 1 January 2020 Restated*
	₦'000	₦'000	₦'000
Distribution materials *	481,593	692,302	1,160,135
Cables and conductors	34,202	40,123	57,798
Pillars and insulators	144,571	161,272	164,938
Stationeries	9,956	11,997	17,576
Safety tools	21,795	8,524	7,759
	692,117	914,218	1,408,206
Inventory impairment (Note 19.1)	(136,414)	(98,189)	(154,485)
	555,703	**816,029**	**1,253,721**

* Included in distribution materials are tripping units, circuit breakers and poles, gang isolators etc.

	31 December 2021	31 December 2020 Restated*	31 December 2020 Restated*
	₦'000	₦'000	₦'000
19.1 Movement in inventory impairment during the year was as follows:			
Opening balance	(98,189)	(154,485)	(124,487)
Net (increase)/decrease in allowance for obsolete inventory	(38,225)	56,296	(29,998)
	(136,414)	(98,189)	(154,485)
Net (increase)/decrease in allowance for obsolete inventory	(38,225)	56,296	(29,998)
	(38,225)	**56,296**	**(29,998)**

The allowance for obsolete inventory items represents allowance for items of inventory identified as being damaged or obsolete. Included in cost of sales is N38.2 million (31 Dec 2020: N56.3 million (recovery), 1 Jan 2020: N30 million) representing inventory allowance charged to profit or loss during the year. None of the Company's inventories has been pledged as collateral to secure debt as at 31 December 2021 (31 Dec 2020: Nil, 1 Jan 2020: Nil). The decrease in allowance for obsolete inventories represent items which were previously partly damaged and considered impaired but were now found useful by the user department.

Inventories recognised as expense include stationeries and distribution materials used in maintenance during the year. They are included as part of repairs and maintenance expenses under administrative expenses. The total amount of inventories recognised as expense during the year ended 31 December 2021 is N317 million (2020: N466 million).

20 Trade and other receivables

	31 December 2021	31 December 2020	As at 1 January 2020
	₦'000	₦'000	₦'000
Trade receivables	190,172,956	138,366,658	148,022,918
Less: Allowance for impairment (Note 20.1)	(99,720,080)	(70,897,735)	(99,969,966)
Trade receivables, net	90,452,876	67,468,923	48,052,952
Due from related parties (Note 30.2)	2,978,969	-	6,038,350
Other receivables (Note 20.2)	201,433	226,958	53,541
Regulatory receivables**	285,426,072	296,092,633	242,538,782
	379,059,350	**363,788,514**	**296,683,625**

20 Trade and other receivables - continued

**The amount represents trade receivables due to tariff shortfall recognition from 2015 to 2021 in line with relevant NERC Orders, the latest being NERC Order Number NERC/299/2021. The tariff shortfall is expected to be fully settled under the financing plan of the Power Sector Recovery Plan (PSRP) initiative approved by the Federal Government of Nigeria.

20.1 Movement in the allowance for impairment during the year was as follows:

Trade receivables	**31 December 2021**	**31 December 2020 Restated***
	₦'000	**₦'000**
As at 1 January	70,897,735	99,969,966
Net increase in allowance for impairment	28,822,345	21,122,117
Write off of impairment	-	(50,194,348)
	99,720,080	70,897,735

Recognised in statement of profit or loss	**31 December 2021**	**31 December 2020 Restated***
	₦'000	**₦'000**
Net increase in allowance for impairment	28,822,345	21,122,117
Correction of prior year error	-	(2,390,207)
	28,822,345	18,731,910

20.2 **Other receivables comprises:**

	31 December 2021	**31 December 2020 Restated***	**1 January 2020 Restated***
	₦'000	**₦'000**	**₦'000**
Employee receivables	514	112	1,241
Other receivables from third party customer	50,919	76,846	52,300
Others*	150,000	150,000	-
	201,433	226,958	53,541

*Others comprise of amount due from National Industrial Court sitting in Oyo State relating to refund of judgement sum initially awarded to a former employee of the Power Holding Company of Nigeria, Ibadan who sued IBEDC for compensation on accident sustained while working for PHCN. The judgement sum was set aside pending the conclusion of appeal filed by IBEDC. The sum was subsequently refunded to IBEDC after the ruling of the Court of Appeal in 2022.

21 Other assets

	31 December 2021	**31 December 2020 Restated***	**1 January 2020 Restated***
	₦'000	**₦'000**	**₦'000**
Recoverable legacy debt (Note 21.1)	**636,516**	**842,952**	**1,049,389**
Current	206,437	206,437	206,437
Non-current	430,079	636,515	842,952
	636,516	842,952	1,049,389

21.1 Recoverable legacy debts represent debts owed to gas producers and the Nigerian Gas Company Limited by the Power Holding Company of Nigeria (PHCN), before the acquisition of 60% of the shares of IBEDC from the Federal Government of Nigeria. The gas companies were reluctant to provide more gas to the privatised generation companies, until all or some of these debts were settled. Central Bank of Nigeria (CBN) settled these legacy debts on behalf of the Company from the intervention loan given to distribution companies. The debts are expected to be recovered from subsequent billings to customers over a period of ten (10) years through the electricity retail tariff as stated in the Multi Year Tariff Order (MYTO) 2.1 with Order Number NERC/135. IBEDC, in 2016, began including legacy gas debt in its profit or loss pending the expiration of the moratorium period.

22 Prepayments

	31 December 2021 ₦'000	31 December 2020 ₦'000
Rent	45,364	56,484
Insurance	46,397	43,815
Vendors (Note 22.1)	3,265,097	3,744,897
Others (Note 22.2)	66,872	66,168
	3,423,730	3,911,364

22.1 The prepayment to vendor represents payment made in advance to some suppliers of meters.

22.2 Others include employee closed user group phone lines subscription, annual support fees for IT applications.

23 Cash and cash equivalents

	31 December 2021 ₦'000	31 December 2020 ₦'000
Bank balances	9,594,832	11,337,930
Cash on hand	4,551	4,645
	9,599,383	**11,342,575**
Restricted cash	5,148,681	5,057,647
Cash and cash equivalents	14,748,064	16,400,222

The Company held cash as at year end with banks and financial institutions operating in Nigeria, including an amount of N5.1 billion (2020: N5.1 billion, being security in favour of Polaris Bank, Keystone Bank and Heritage Bank in relation to a bank guarantee issued in favour of Nigeria Bulk Electricity Trading Plc (NBET) and Operator of the Nigeria Electricity Market (ONEM).

Also included in cash and cash equivalents is balance of N11.8 million (2020: ₦121.2 million) held in several banks on behalf of customers who have made contributions for meters yet to be supplied. The Company and the meter vendors are joint signatories to the accounts.

On Monday 3rd June 2024, the Central Bank of Nigeria (CBN) released a statement that the license of Heritage Bank Plc had been revoked with immediate effect. This revocation has led to the appointment of the Nigeria Deposit Insurance Corporation (NDIC) as the liquidator of the Bank, pursuant to Section 12(2) of BOFIA Act, 2020.
As at 31 December 2021, the Company has a balance of N844 million with Heritage Bank Plc. The Company will allow the process to follow due course and will engage with the liquidator to ensure that a reasonable and fair outcome is achieved.

24 Share capital and reserves

	31 December 2021 ₦'000	31 December 2020 ₦'000
24.1 Share capital comprises:		
Issued and fully paid:		
10,000,000 ordinary shares at N0.50 each	5,000	5,000

The 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.

24.2 Revaluation reserve

	2021 31 December ₦'000	2020 31 December ₦'000
As at 1 January	91,664,979	47,434,358
Additions (Note 17.1)	-	44,230,621
	91,664,979	91,664,979

The property, plant and equipment revaluation reserve is used to record surplus arising from the revaluation of property, plant and equipment. The reserve is transferred to retained earnings upon disposal of the related item of property, plant and equipment. The last revaluation exercise was done as at 31 December 2020 by an independent third party valuer, Oni Ibitoye & Co., with FRC Registration No. FRC/2015/NIESV/00000012607.

24.3 Accumulated loss/ retained earnings

Accumulate loss/retained earnings are carried forward recognised (loss)/income net of expenses plus current year (loss)/profit attributable to shareholders. The movement in accumulated deficit/retained earnings during the year is as follows:

	31 December 2021 ₦'000	31 December 2020 Restated* ₦'000	As at 1 January 2020 Restated* ₦'000
As at January 1	11,824,240	14,171,070	16,163,511
Adjustment on correction of error	-	-	(1,992,441)
Loss for the year	(62,894,545)	(2,346,830)	-
As at December 31	(51,070,305)	11,824,240	14,171,070

25 Basic loss per share

Basic loss per share are calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive ordinary shares at either year end; hence the basic and diluted loss per share have the same value.

	31 December 2021 '000	31 December 2020 '000
Loss attributable to ordinary shareholders of the Company (₦):	(62,894,545)	(2,346,830)
Weighted average number of ordinary shares in issue	10,000	10,000
Basic loss per share (N)	(6,289)	(235)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

26 Trade and other payables

		31 December 2021	31 December 2020 Restated*	As at 1 January 2020 Restated*
		₦'000	₦'000	₦'000
Trade payables	Note 26.1	443,511,008	400,680,900	324,395,825
Statutory deduction		91,499	84,328	235,307
Accruals		1,427,102	448,228	742,306
		445,029,609	401,213,456	325,373,438
Other payables	Note 26.2	20,545,602	16,841,827	13,254,899
MAP payable	Note 26.3	20,004	130,024	116,890
		465,595,215	418,185,307	338,745,227

26.1 Trade payables comprise amount due to the Nigerian Bulk Electricity Trading Plc (NBET) and the Transmission Company of Nigeria (TCN) also referred to as Market Operator (MO).
Below is the analysis of NBET and MO as at year end:

	31 December 2021	31 December 2020	As at 1 January 1 January 2020 Restated*
	₦'000	₦'000	₦'000
NBET Bills	250,460,756	242,795,585	198,031,491
MO Bills	41,990,440	40,304,316	33,411,467
Interest on NBET Bills	133,925,795	100,446,982	75,818,850
Interest on MO Bills	17,134,017	17,134,017	17,134,017
	443,511,008	400,680,900	324,395,825

26.2 Other payables comprise VAT amount on trade receivables.

26.3 MAP are companies licensed by the NERC to procure and install meters for customers of electricity distribution companies under MAP regulation 2018. IBEDC had received payment from customers for meters and was yet to supply the meters as at year end.

27 Contract liabilities

		31 December 2021	31 December 2020 Restated*	As at 1 January 1 January 2020 Restated*
		₦'000	₦'000	₦'000
CAPMI payables	(Note 27.1)	923,950	1,472,883	1,871,027
ICAP payables	(Note 27.2)	624,040	721,590	747,113
MAP reserve	(Note 27.3)	1,706,348	1,585,084	-
Deferred revenue	(Note 27.4)	102,353	-	-
		3,356,691	3,779,557	2,618,140

	2021	2020 Restated*	2019 Restated*
	₦'000	₦'000	₦'000
At 1 January	3,779,557	2,618,140	3,722,467
Additions during the year	276,271	1,585,086	2,938
Released to the profit or loss:	-	-	-
Revenue (Note 9.2)	(446,260)	(162,887)	(1,059,807)
Other income (Note 11)	(252,877)	(260,782)	(47,458)
At 31 December	3,356,691	3,779,557	2,618,140

27.1 On the 1st of November 2016, the Credited Advance Payment for Metering implementation (CAPMI) scheme operated by DisCos in Nigeria was cancelled by the Minister of Power, Works and Housing. Through various media, customers were assured of the Company's commitment to meter all unmetered customers who had paid as at the date of winding-up of the scheme. Amount outstanding is the total refund (energy credit) payable to CAPMI customers as at 31 December 2021.
Released to other income is the amount of installation costs paid by customer which would not be refunded in line with the scheme guidance.

27.2 IBEDC Credited Advance Payments (ICAP) was a scheme designed by management to replace the ceased CAPMI scheme for customers who were willing to finance their meter and would be refunded within a period of three years through energy credit. Also, this scheme has been cancelled by the Minister of Power, Works and Housing. Amount outstanding is the total refund (energy credit) payable to ICAP customers as at 31 December 2021.

27.3 MAP reserve represents unrecovered balance of initial meter cost paid by customers. Under MAP regulation of 2018, customers finance their meter procurement and would be refunded within a period of 18 months through energy credit.

27.4 The deferred revenue primarily relates to the advance consideration received from customers for the supply of electricity.

28 Loans and borrowings

		31 December 2021	31 December 2020 Restated*	As at 1 January 2020 Restated*
		₦'000	₦'000	₦'000
CBN NEMSF loan	Note 28.1	10,528,660	12,444,275	14,104,428
CBN NEMSF loan 2	Note 28.2	25,305,326	-	-
Metering loan NMMP	Note 28.3	4,482,621	688,990	-
		40,316,607	**13,133,265**	**14,104,428**
Current portion		6,970,919	3,966,397	-
Non-current portion		33,345,688	9,166,868	14,104,428
		40,316,607	**13,133,265**	**14,104,428**

Movement in the interest-bearing loans and borrowings during the year was as follows:

	31 December 2021	31 December 2020 Restated*	As at 1 January 2020 Restated*
	₦'000	₦'000	₦'000
As at 1 January	13,133,265	14,104,428	14,104,428
Additions	32,277,052	783,919	-
Transfer to grant (Note 29)	(4,410,868)	(97,764)	-
Interest expense (Note 13.2)	4,225,861	2,084,513	-
Principal repayments	(3,059,376)	(2,769,383)	-
Interest paid	(1,849,327)	(972,447)	-
	40,316,607	13,133,265	14,104,428

28.1 CBN Nigeria Electricity Market Stabilization Facility (NEMSF) is a commercial loan facility sponsored by CBN and NERC to enable repayment of interim period revenue shortfall and certain identified legacy debt owed by Nigerian Electricity Supply Industry players and accrued up to the 1st November 2013 handover date. This loan is expected to be recovered from customers over a period of ten (10) years through the electricity retail tariff. Amount provided to IBEDC was N26.63 billion, out of which a total of N24.99 billion has been disbursed. The Principal amount outstanding as at 31 December 2021 is N11.60 billion (2020: N14.66 billion) which has been fair valued to N10.52 billion as at year end (2020: N16.87 billion).

28.2 CBN Nigeria Electricity Market Stabilization Facility 2 (NEMSF) is a commercial loan facility sponsored by CBN and NERC to fund their obligation to pay NBET and MO as they arise. Amount provided to IBEDC was N60.5 billion, out of which a total of N27.4 billion has been disbursed. The Principal amount outstanding as at 31 December 2021 is N27.4 billion (2020: Nil) which has been fair valued to N25.3 billion as at year end (2020: Nil).

28.3 Metering loan is a commercial loan facility sponsored by CBN and NERC, the Federal Government launched this program in respect of which CBN, in October 2020, issued the Framework for Financing of National Mass Metering Programme. The Framework seeks to increase the country's metering rate and eliminate arbitrary estimated billing. Therefore, the aim is to provide meters to customers and bridge the gap between customers using prepaid meters and those not using it. Amount provided to IBEDC was N6.1 billion, out of which a total of N5.67 billion has been disbursed. The Principal amount outstanding as at 31 December 2021 is N5.67 billion (2020: N783 million) which has been fair valued to N4.48 billion as at year end (2020: N689 million).

29 Deferred Income

	31 December 2021	31 December 2020 Restated*	As at 1 January 2020 Restated*
	₦'000	₦'000	₦'000
Government grants (Note 29.1)	6,186,567	2,795,963	3,364,094
MAP meter cost (Note 29.2)	-	-	78,501
	6,186,567	2,795,963	3,442,595
Analysis of government grant			
As at 1 January	2,795,963	3,364,094	-
Additions during the period (Note 28)	4,410,868	97,764	3,364,094
Recognised in profit or loss (Note 11)	(1,020,264)	(665,895)	-
As at 31 December	6,186,567	2,795,963	3,364,094
Current	1,127,164	673,560	-
Non - current	5,059,403	2,122,404	3,364,094
	6,186,567	2,795,963	3,364,094

29.1 Government grant relates to the day one gain on loans obtained from the Federal Government of Nigeria through the Central Bank of Nigeria ("CBN") at a rate below the prevailing market interest rate. The fair value of the loan was recognised at initial recognition on the grant date and subsequently amortised on a straight- line basis over the tenure of the loan. As a result, the difference between the fair values at initial recognition and the proceed from the loan received was recognized as day one gain on loans. There were no unfulfilled conditions relating to the grant as at the reporting date. This has been treated in line with IAS 20.

29.2 Amount represents cash received from Meter Assets Providers (MAP) customers for which meters have been installed but the contractual terms were yet to be agreed with customers as at year end.

30 Related party transactions

30.1 Parent and ultimate controlling party

The Company is related with Funds and Electronic Transfer Solution Limited (FETS) and Integrated Energy Distribution and Marketing (IEDM). The nature of the related party relationship between IBEDC and FETS is as a result of two of IBEDC directors (Dr. Olatunde Ayeni, CON. F.IoD and Captain (Dr.) Wells Idahosa Okunbo) who are also shareholders in FETS.
IEDM held 60% of IBEDC's shares, this was prior to the Asset Management Corporation of Nigeria (AMCON) take-over of Integrated Energy Distribution and Marketing (IEDM) shareholding in IBEDC, thereby assigning the 60% shareholding to AMCON.

30.2 Due from related parties

Due from related parties comprises:

	31 December 2021	31 December 2020
	₦'000	₦'000
Funds and Electronic Transfer Solution Limited (FETS)	2,978,969	-
	2,978,969	-

30.3 **Transactions with key management personnel**

Key management personnel compensation comprised:

	31 December 2021 ₦'000	31 December 2020 ₦'000
Salaries	703,646	885,245
Employer pension contribution	37,803	38,980
	741,449	924,225

30.4 **Composition of key management personnel**

	Number	Number
Managing Director/CEO	1	1
General Manager	7	8
Assistant General Manager	17	19
Principal Manager	10	11
	35	39

31 **Contingencies**

31.1 **Contingent liabilities**

The Directors, based on independent legal advice obtained, as well as their understanding of the Share Sale Agreement between IEDM, BPE and the Ministry of Finance Incorporated (MOFI) are of the opinion that all trade receivables and pre-acquisition liabilities as at 31 October 2013 have been effectively transferred. The Company does not have an estimate of those debtors and liabilities since in its view this is the responsibility of Nigerian Electricity Liability Management Company Limited (NELMCO).

The Company believes that it will neither realise those receivables nor settle any liabilities existing as at 31 October 2013 and as such, no recognition of provision is required. If in the process of agreeing the individual trade debtors and liabilities, certain items are identified and agreed to be borne by the Company, the amounts would be recorded in the period they were identified.

31.2 **Litigations and claims**

The Company is involved in various legal proceedings that have arisen in the ordinary course of its business. The confirmations received from the external legal counsels of the entity show that there was no litigation or claim against IBEDC that has a high likelihood of success. Although some of these cases are still in court, the legal counsel are of the opinion that it is not probable that IBEDC will be liable for any of the litigation claims.

The Company is involved in certain litigations and claims (separate from those taken over by NELMCO). Maximum exposure based on the damages being claimed by the litigants amounts to N1.5 billion (2020: N21.61 million). The directors, based on a review of the circumstances of each claim, believe the risk of material loss to the Company is remote, and as such, no provisions have been recorded.

31.3 **Contingent assets**

The Company is involved in other actual legal proceedings and claims with which there is a possible inflow based on the damages being claimed, which amount to N83 million (2020: N105 million). Although the ultimate result of these legal proceedings for 2021 cannot be predicted with certainty, it is the opinion of the company's management that the outcome of any pending claim be disclosed.

31.4 **Guarantees**

The Company has a guarantee of N11.1 billion from Consortium of banks; Polaris Bank, Keystone Bank and Heritage Bank in favour of Nigeria Bulk Electricity Trading Plc (NBET) and Operator of Nigeria Electricity Market (ONEM) as detailed below.

Issue date	Expiry date	Renewal date	Beneficiary's name	Amount (NGN)
27-Jan-15	12 months with option for renewal.	27-Feb-22	Nigerian Bulk Electricity Trading Plc (NBET)	9,198,381,594
27-Jan-15	12 months with option for renewal.	27-Feb-22	Operator of Nigeria Electricity Market (ONEM)	1,901,892,658
				11,100,274,252

The Company has exercised its yearly option to renew for the year.

32 Financial Instruments - fair values and financial risk management

Due to the transition method chosen, comparative information has not been restated to reflect new requirements.

Measurement of fair values

The valuation method adopted is the discounted cash flows. This method uses the present value of the expected future payments which are discounted using the rate at which the Company would have assessed funds from the bank.

Financial risk management

The Company has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors is also responsible for developing and monitoring the Company's risk management policies.

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. 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 Company's Board Audit Committee 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. The Board Audit Committee is assisted in its oversight role by Internal Audit, which undertakes both regular and adhoc reviews of risk management controls and procedures, and report to the Committee.

32.1 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. This arises principally from the Company’s receivables from customers and government related entities.

The Company’s credit risk exposure on cash is minimized substantially by ensuring that cash is held with Nigerian financial institutions.

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

	31 December 2021 ₦'000	31 December 2020 ₦'000
Trade and other receivables (Note 20)	379,059,350	363,788,514
Cash at bank*	14,743,513	16,395,577
	393,802,863	380,184,091

*The cash at bank represents both the bank balance and the restricted cash balance in Note 23.

The Company has a large customer base within its licensed area of supply thereby reducing its concentration of credit risk. To further mitigate credit risk, the Company is continually increasing the share of prepaid customers in its portfolio. The Company's exposure to credit risk is influenced by the individual characteristics of each customer.

In monitoring credit risk, customers are grouped according to their credit characteristics, including whether they are maximum demand or non-maximum demand customers, and whether they are private individuals/companies, government institutions or military establishments. No security is provided for the electricity supplied, though the Company retains the right to disconnect non-paying customers to enforce collections.

32.1 Credit risk - continued

Trade receivables

	Maximum Demand	Non-maximum Demand	Total
2021	₦'000	₦'000	₦'000
Private individuals/companies	13,293,765	164,249,806	177,543,571
Government institutions	-	12,629,385	12,629,385
Total	13,293,765	176,879,191	190,172,956
2020			
Private individuals/companies	15,782,397	115,585,377	131,367,774
Government institutions	5,904,152	1,094,732	6,998,884
Total	21,686,549	116,680,109	138,366,658

At December 31, the ageing of trade receivables is as follows:

	31 December 2021	31 December 2020
	₦'000	₦'000
Current	4,997,073	7,459,056
Past due 0-30 days	3,652,498	5,452,029
Past due 31-90 days	11,493,059	4,636,205
Past due 91-120 days	5,218,677	4,237,328
Past due 120 days and above	164,811,649	116,582,040
	190,172,956	138,366,658

Expected credit loss assessment for customers as at 31 December 2021

An allowance matrix is adopted by the Company to measure the Expected Credit Losses (ECLs) of trade receivables from customers. Loss rates are based on actual credit loss experienced over the past three years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Loss rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region, metering status and volume of consumption.

The following table provides information relating to exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2021.

32.1 **2021**

	Weighted average loss rate	Gross Carrying Amount	Loss Allowance
		₦'000	₦'000
Prepaid customer (PPM)	5%	-	-
Government agencies	5%	12,629,385	631,469
Metered maximum demand customer	15%	3,639,637	545,946
Metered maximum demand customer (MAN)	100%	7,555,218	7,555,218
Unmetered maximum demand customer	35%	2,098,910	734,618
Metered non-maximum demand customer (higher tier) C1, D1	25%	5,869,783	1,467,446
Metered non-maximum demand customer (middle tier) R2	35%	19,068,722	6,674,053
Metered non-maximum demand customer (low tier) R1	65%	124,938	81,210
Metered Others (A1, S1)	10%	307,132	30,713
Unmetered non-maximum demand customer (High tier) C1, D1	55%	22,750,987	12,513,043
Unmetered non-maximum demand customer (Middle tier) R2	60%	110,965,328	66,579,197
Unmetered non-maximum demand customer (Low tier) R1	64%	750,710	480,454
Unmetered others (A1, S1)	55%	4,412,206	2,426,713
		190,172,956	**99,720,080**

Expected credit loss assessment for customers as at 31 December 2021 - continued
2020

	Weighted average loss rate	Gross Carrying Amount	Loss Allowance
		₦'000	₦'000
Prepaid customer (PPM)	5%	1,469,676	73,484
Government agencies	5%	6,526,242	326,312
Metered maximum demand customer	15%	9,660,609	1,449,091
Metered maximum demand customer (MAN)	100%	8,667,420	8,667,420
Unmetered maximum demand customer	35%	3,072,665	1,075,433
Metered non-maximum demand customer (higher tier) C1, D1	25%	3,489,991	872,498
Metered non-maximum demand customer (middle tier) R2	35%	14,809,483	5,118,157
Metered non-maximum demand customer (low tier) R1	65%	135,656	88,176
Metered Others (A1, S1)	10%	374,016	37,402
Unmetered non-maximum demand customer (High tier) C1, D1	55%	16,013,739	8,807,556
Unmetered non-maximum demand customer (Middle tier) R2	60%	70,301,749	42,181,049
Unmetered non-maximum demand customer (Low tier) R1	64%	957,549	612,831
Unmetered others (A1, S1)	55%	2,887,864	1,588,325
		138,366,659	70,897,734

31 December 2021	Trade receivables					
	Days past due					
	Current	<30 days	30-90 days	91-60 days	120> days	Total
	₦'000		₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	52%	52%	52%	52%	52%	
Estimated total gross carrying amount at default	4,997,073	3,652,498	11,493,059	5,218,677	164,811,649	190,172,956
Expected credit loss	2,620,291	1,915,243	6,026,560	2,736,493	86,421,493	99,720,080

31 December 2020	Trade receivables					
	Days past due					
	Current	<30 days	30-90 days	91-60 days	120> days	Total
	₦'000		₦'000	₦'000	₦'000	₦'000
Expected credit loss rate	51%	51%	51%	51%	51%	
Estimated total gross carrying amount at default	7,459,056	5,452,029	4,636,205	4,237,328	116,582,040	138,366,658
Expected credit loss	3,821,948	2,793,567	2,375,546	2,171,166	59,735,507	70,897,734

Management monitors the Company's trade and other receivables for indicators of impairment

The Directors have recorded an impairment allowance amounting to N99.72 billion (2020: N70.90 billion) with respect to the outstanding trade receivables at the year end. The impairment is required mainly to cater for the losses that arose from the difficulties in enforcing payments from certain classes of customers due to certain geographical challenges such as coverage and accessibility.

Management monitors the Company's trade and other receivables for indicators of impairment - continued

The Company believes that past due amounts not impaired are collectible as follows:

- It retains the right to disconnect the customers and based on historical patterns, collections improve after disconnections.

- Current metering plan will convert a significant number of these customers to prepaid and outstanding balances will be recovered through the prepaid platform.
- Commitments from the Accountant General of the Federation and Federal Ministry of Power that amounts due from government parastatals will be paid for through deductions from their allocations.

It is also important to note that the Company has strategies to minimize credit losses going forward as follows:

- Investment in prepaid meters and conversion of more post paid customers to prepaid;
- More efficient internal processes e.g. timely billings and delivery of bills, system automation of billings and collections, system of issuing letters of demand and notices to non-paying customers;
- Involvement of the Minister of Finance in enforcing collection of receivables from government agencies;
- Aggressive disconnections;
- Setting Key Performance Indices (KPI) for employees to drive debt collections.

Credit quality of cash and cash equivalents and restricted cash

The credit quality of cash and cash equivalents and restricted cash that are neither past due nor impaired can be referenced to external ratings (if available) or to historical information about counterparty default rates.

	31 December 2021 ₦'000	31 December 2020 ₦'000
Cash - Not rated	4,551	4,645
A+	380,350	424,531
AA	56,341	2,362
AA-	3,992	4,455
B	610,508	681,424
BBB+	807,381	901,165
B-	12,884,941	14,381,640
	14,748,064	16,400,222

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

These above ratings are explained as follows:

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

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

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

32.2 Cash at bank

The Company held cash of N14.70 billion as at year end (2020: N16.40 billion) with banks and financial institutions operating in Nigeria (including an amount of N5.15 billion, being hypothecation of cash collateral for bank guarantee issued in favour of Nigeria Bulk Electricity Trading Plc. (NBET) and Operator of the Nigeria Electricity Market (ONEM).

32.3 Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or any other financial asset. Management'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 risk damaging the Company's reputation.

As part of liquidity risk management procedures, the Company monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the covenant compliance, and compliance with internal financial position ratio.

	Contractual cash flows				
	Less than 1 year	1 to 5 years	5 to 10 years	Above 10 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Non-derivative financial liabilities December 31, 2021					
Trade and other payables*	465,503,716	-	-	-	465,503,716
Loans and borrowings	6,970,919	26,073,481	7,272,207	-	40,316,607
	472,474,635	26,073,481	7,272,207	-	505,820,323

*Non-financial liabilities excluded include statutory liabilities (VAT, PAYE and WHT Payables).

	Contractual cash flows				
	Less than 1 year	1 to 5 years	5 to 10 years	Above 10 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000
Non-derivative financial liabilities December 31, 2020					
Trade and other payables*	418,100,979	-	-	-	418,100,979
Loans and borrowings	3,966,397	9,166,868	-	-	13,133,264
	422,067,376	9,166,868	-	-	431,234,243

*Non-financial liabilities excluded include statutory liabilities (VAT, PAYE and WHT Payables).

32.4 Market risk

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

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

32.5 Currency risk

The Company has no exposure to currency risks as all of its transactions are maintained in Naira.

32.6 Fair values

Fair values versus carrying amounts

The table below shows the classification of financial assets and financial liabilities of the Company not measured at fair value. These carrying amounts shown are a reasonable approximation of the fair values of the financial assets and financial liabilities.

	2021		2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets	₦'000	₦'000	₦'000	₦'000
Trade and other receivables	379,059,350	379,059,350	363,788,514	363,788,514
Cash and cash equivalents	14,748,064	14,748,064	16,400,222	16,400,222
Total	393,807,414	393,807,414	380,188,736	380,188,736
Financial liabilities				
Trade and other payables	465,595,215	465,595,215	418,185,307	418,185,307
Loans and borrowings	40,316,607	40,316,607	13,133,265	13,133,265
	505,911,822	505,911,822	431,318,572	431,318,572

32.7 Sensitivity analysis

The table below shows information on the sensitivity of the carrying amounts of the Company's financial assets to the methods, assumptions and estimates used in calculating impairment losses on the financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Company's financial assets.

A 10% change in the expected cash flow from trade receivables, with all other variables held constant will result in the following:

	Effect on profit before tax **31 December 2021** **₦'000**	Effect on profit before tax **31 December 2020** **₦'000**
+10%	2,882,235	7,161,453
-10%	(2,882,235)	(7,161,453)

A 10% increase in the estimated cash flows would decrease the loss before tax by N10.05 billion while a corresponding 10% decrease in the estimated cash flows will increase the loss before tax by N10.05 billion.

33 Capital management

The Company'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. The Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as total liabilities, less cash and cash equivalents. Total equity comprises all components of equity.

The board of directors seeks to achieve a more favourable total equity to adjusted net debt by engaging in mass metering projects and strengthening the revenue assurance function. The Company is not subject to any externally imposed capital requirements.

The Company's adjusted net debt to equity ratio as at December 2021 was as follows:

	2021	2020
	₦'000	₦'000
Total liabilities	516,787,910	438,673,270
Less: cash and cash equivalents (Note 23)	(14,748,064)	(16,400,222)
Adjusted net debts	502,039,846	422,273,048
Total equity	40,599,674	103,494,219
Total equity to adjusted net debts	12.37	4.08

Equity includes share capital, revaluation reserves and retained losses.

34 Events after the reporting date

<u>Changes to the shareholders and board of directors</u>

There was a takeover action on the company by Assets Management Corporation of Nigeria (AMCON); Bureau of Public Enterprises (BPE); and the Nigerian Electricity Regulatory Commission (NERC), which led to the restructuring of its board and management. Also, on 25 March 2024, the board members of the Company were changed following the change in the board of AMCON and BPE.

This event has resulted in the Financial Statements being signed by Mr. Gbenga Alade - Chairman; Engr. Francis Agoha - Acting Managing Director, Dr. Napoleon David Okosu - Chief Financial Officer, Mr. Oluwaseyi Akinwale - Chairman, Board Audit Committee; and Mr. Akeem Babatunde as Company Secretary.

<u>Heritage Bank Plc</u>

On 3rd June 2024, the Central Bank of Nigeria (CBN) released a statement that the license of Heritage Bank Plc had been revoked with immediate effect. This revocation has led to the appointment of the Nigeria Deposit Insurance Corporation (NDIC) as the liquidator of the Bank, pursuant to Section 12(2) of BOFIA Act, 2020. In accordance with section 55 sub-section 1&2 of the NDIC Act, 2023, the corporation has commenced liquidation process of the failed bank with immediate verification of insured deposits to the bank deposits.

The Company will allow the process to follow due course and will engage with the liquidator to ensure that a reasonable and fair outcome is achieved.

There was no other event after the reporting date that could have material effect on the state of affairs of the Company as at 31 December 2021 and on the loss for the year ended on that date that have not been taken into account in these financial statements.

35 Going concern

The Company reported a loss after tax of N62.89 billion for the year ended 31 December 2021 (2020: restated loss after tax of N2.35 billion) and as of that date, the Company had net current liabilities of N80.39 billion (2020: N42.26 billion). The Company has historically incurred losses due to the existing electricity pricing regime which did not allow the recovery of costs through price increases. The Company's current liabilities include an amount of N443.5 billion (2020: N400.7 billion) due to the Nigerian Bulk Electricity Trading Plc (NBET) and the Market Operators (MO), which forms part of trade and other payables as indicated in Note 26 of these financial statements. This amount is due for immediate payment in line with the applicable NERC orders.

The Company needs to generate more revenue by improving both commercial losses, collection losses and technical losses. Management's plan to address the technical losses is to create more sub-feeders for improved efficiency and power supply in feeder load management. Other plans include the upgrade of substations and the construction of new injection substations.

Management has provided some sub-feeders in feeder load management and has upgraded some substations during the year 2021, and this is expected to be a continuous exercise on a yearly basis.

35 **Going concern - Continued**

The Company in conjunction with several Meter Asset Providers have embarked on massive provision of prepaid meters to existing customers who are unmetered or who do not have meters, in order to address the commercial losses. Between 2021 and 2022 a total of over 3,523 units of various ratings of meters have been installed and are already impacting on the revenue collections, the installation of meters is forecasted to continue into the future. Presently the company has keyed into the National Mass Metering Program of the Federal Government of Nigeria. Meters are presently massively deployed and installed for their customers.
The introduction of collection agents and the project relating to the prepaid meters will bring about an increase in collections, enhance the billing capabilities of the company and increase collection efficiency, thereby reducing the receivables and impairment charged on receivables. If successful, this would address the collection losses. The target of this plan is for the Company to reduce Aggregate Technical, Commercial and Collection (ATC&C) losses.

Overall, management's forecasts indicate that losses can be reduced, and profitability improved with current forecasted tariffs and cost rates provided. Revenue continues to grow, technical losses continue to decrease, and that collectability is slowly improving with the rollout of the prepaid meters and use of agents. This is expected to be achieved within the next few years and is critical to the achievement of the entity's profitability and positive cash flow.
However, the ability of the company to fully execute these plans is thus dependent on the availability of funding to execute the plans (i.e., dependent on the company receiving additional funding and or support from the Federal Government of Nigeria and other shareholders). The company is making an effort to secure additional funds but has received no commitment from the proposed lender at the moment.
These conditions indicate the existence of material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern and, therefore may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Federal Government of Nigeria through the Order number NERC/GL 174 and 188B instructed that all interest payable by IBEDC as well as other DISCOs on unpaid invoices issued by NBET & MO and attributable to tariff shortfall shall be taken off the company's balance sheet. This implies that no further interest would be charged on the balances payable to NBET and MO. This will further relieve the Company of additional liabilities to NBET & MO.

The President, Federal Republic of Nigeria established a collaboration between Federal Government of Nigeria and Siemens to help the Electricity Distribution Companies in Nigeria (including the Company) reduce technical and commercial losses through the introduction of modern technology in the electricity sector. Siemens is to execute a three-phase project via the upgrade of the transmission and distribution networks (T&D) to deliver more megawatt of electricity to consumers/end-users. These initiatives would therefore potentially increase revenue and efficiency through a reduction in technical losses. This project already signed with Nigerian government is however uncertain when it will be implemented.

The financial statements are prepared on the basis that the Company will continue to be a going concern. This basis of preparation presumes that the Company will achieve its plans and realize its assets and discharge its liabilities in the ordinary course of business.

36 **Restatement note**

a The Inappropriate treatment of Day one gain recognition of NEMSF loan drawdowns: We noted that in prior years, the difference between the Fair value of loan and drawdown (i.e. Deferred Intervention Income) was recognized as 'Other Income' as against recognizing it as a liability (i.e. deferred intervention income) during those periods. The 'Day one gain' ought to wound down through out the tenure of the loan until its expiration. This is in line with IAS 20-Accounting for Government Grants and Disclosure of Government Assistance. As a result, the balances as at 1 January 2020 have been restated to correct these errors between these liabilities and retained earnings.

b CAPMI, ICAP, and MAP payables were erroneously classified under loans and borrowings. These have been correctly reclassified to contract liabilities and other payables based on the substance of the transactions as shown in restated balances as at 1 January 2020 and 31 December 2021.

c Adjustments relating to interest expense were made to retained earnings in prior periods (31 December 2020 and 1 January 2020).

d Correction of error in the treatment of development cost relating to computer software as at 1 January 2020 and 31 December 2020: Management identified that the treatment of development cost relating to Sage ERP was accounted for as part of work in progress asset in property, plant and equipment. As a result, the balances of the work in progress account and development cost have been restated as at 1 January 2020 and 31 December 2020 to correct the noted error.

36 **Restatement note - Continued**

e Correction of error in the treatment of recoverable legacy debt as other receivables as at 1 January 2020 and 31 December 2020. The balances have been restated as other assets (current and non-current).

f Correction of error in the recognition of deferred tax asset as at 1 January 2020 and 31 December 2020 when it is not probable that the entity will have taxable income to utilise it.

g Correction of error in the treatment of capital spares as at 1 January 2020 and 31 December 2020: Management accounted for the cost of the capital spares as inventories instead of property, plant and equipment. As a result, the balances of the inventories account and capital spares in property, plant and equipment have been restated as at 1 January 2020 and 31 December 2020 to correct the noted error.

h Loss of Revenue was erroneously classified to Revenue in 2020. This has been correctly reclassified to Other Income based on the substance of the transaction as shown in the restated statement of profit or loss and other comprehensive income for the year ended 31 December 2020.

i Correction of tax payable as at 31 December 2020 due to the impact of restatement of 2020 financial statement.

1 January 2020 restatements/reclassifications

Changes to statement of financial position as at 1 January 2020	**Reference**	**As previously reported 1-Jan-2020 ₦'000**	**Adjustments/ reclassifications ₦'000**	**As restated 1-Jan-2020 ₦'000**
NEMSF - 1 Loan	a	(18,250,980)	4,146,553	(14,104,428)
Deferred Income/grant	a	(78,501)	(3,364,094)	(3,442,595)
Development cost	d	-	262,695	262,695
Capital work in progress	d	383,308	(262,695)	120,613
Deferred tax asset/liability	f	2,774,899	(2,774,899)	-
Recoverable legacy debt	e	1,049,390	(1,049,390)	-
Other asset (Non-current asset)	e	-	842,953	842,953
Other asset (Current asset)	e	-	206,437	206,437
CAPMI payables (loans and borrowings)	b	(1,871,027)	1,871,027	-
ICAP payables (loans and borrowings)	b	(747,113)	747,113	-
MAP payable (loans and borrowings)	b	(116,890)	116,890	-
CAPMI payables (contract liabilities)	b	-	(1,871,027)	(1,871,027)
ICAP payables (contract liabilities)	b	-	(747,113)	(747,113)
MAP payable (other payables)	b	-	(116,890)	(116,890)
Inventories	g	5,836,625	(4,428,420)	1,408,205
Capital spares	g	-	4,428,420	4,428,420
Retained earnings	c	(16,163,511)	1,992,441	(14,171,070)
Restated balance		(27,183,800)	-	(27,183,800)

36 **Restatement note - Continued**

31 December 2020 restatements/reclassifications		As previously reported	Adjustments/ reclassifications	As restated
Changes to statement of financial position	**Reference**	**31-Dec-2020 ₦'000**	**₦'000**	**31-Dec-2020 ₦'000**
Deferred tax asset	f	40,278,992	(40,278,992)	(0)
NMMP-1 Loan	a	(783,919)	94,929	(688,990)
NEMSF-1 Loan	a	(16,872,787)	4,428,512	(12,444,275)
Development cost	d	-	277,276	277,276
Capital work in progress	d	399,666	(277,276)	122,390
Deferred income/grant	a	-	(2,795,963)	(2,795,963)
Recoverable legacy debt	e	842,952	(842,952)	-
Other asset (Non-current asset)	e	-	636,515	636,515
Other asset (Current asset)	e	-	206,437	206,437
CAPMI payables (loans and borrowings)	b	(1,472,883)	1,472,883	-
ICAP payables (loans and borrowings)	b	(721,590)	721,590	-
MAP payable (loans and borrowings)	b	(1,715,108)	1,715,108	-
CAPMI payables (contract liabilities)	b	-	(1,472,883)	(1,472,883)
ICAP payables (contract liabilities)	b	-	(721,590)	(721,590)
MAP reserve (contract liabilities)	b	-	(1,585,084)	(1,585,084)
MAP payable (other payables)	b	-	(130,024)	(130,024)
Inventories	g	4,304,457	(3,390,239)	914,218
Capital spares	g	-	3,390,239	3,390,239
Retained earnings	c	(63,540,524)	18,408,792	(45,131,732)
Taxation	i	(883,595)	104,418	(779,177)
		(40,164,339)	(20,038,305)	(60,202,644)

Changes to statement of profit or loss and other comprehensive income for the year ended 31 December 2020

	As previously reported 31-Dec-2020 ₦'000	Adjustments/ reclassifications ₦'000	As restated 31-Dec-2020 ₦'000
Sales of electricity (Tariff shortfall)	(71,374,867)	(9,228,218)	(80,603,085)
Cost of sales - cost of energy	118,521,254	(4,741,630)	113,779,624
Obsolete stock	-	(56,296)	(56,296)
Bad and doubtful debts	21,122,117	(2,390,207)	18,731,910
Deferred tax credit	(50,773,279)	50,773,279	-
Interest expense	2,363,637	(279,124)	2,084,513
Revenue per residential customers	(48,465,367)	355,239	(48,110,128)
Other income	(570,557)	(1,021,134)	(1,591,691)
Deferred tax on revaluation	13,269,186	(13,269,186)	-
Taxation	544,258	(104,418)	439,840
Restated balance	(15,363,619)	20,038,305	4,674,686

36 Restatement note - Continued

Changes to statement of cash flows as at 31 December 2020

	As previously reported 31-Dec-2020 ₦'000	Adjustments/ reclassifications ₦'000	As restated 31-Dec-2020 ₦'000
Cash flows from operating activities:			
Tariff shortfall awarded by NERC	(71,374,867)	(9,228,218)	(80,603,085)
Reserve for inventory obsolescence	-	(56,296)	(56,296)
Impairment allowance on receivables	21,122,117	(2,390,207)	18,731,910
Fair value gain amortisation of deferred intervention revenue	-	(665,895)	(665,895)
Finance costs	27,051,507	(279,124)	26,772,383
Changes in working capital			
Increase in trade and other receivables	(88,020,568)	82,786,855	(5,233,713)
Increase in trade and other payables	79,426,942	(24,693,569)	54,733,373
Increase in contract liabilities	-	1,161,417	1,161,417
Cash flows from investing activities:			
Acquisition of property, plant & equipment	(6,653,334)	1,052,762	(5,600,572)
Acquisition of intangible assets	(65,446)	(14,582)	(80,027)
Cash flows from financing activities:			
Proceeds from loans and borrowings	580,277	(972,447)	783,919
Loan repayment	-	-	(2,769,383)
Interest paid	-	-	(972,447)

37 Non-audit services

The auditor did not provide any non-audit services to the company during the year ended 31 December 2021.

38 Changes in working capital

	31 December 2021 ₦'000	31 December 2020 ₦'000
Movement in trade and other receivables		
Opening balance	363,788,514	296,683,625
Closing balance	379,059,351	363,788,514
Net movement	(15,270,837)	(67,104,889)
Impairment losses on financial assets (Note 20.1)	(28,822,345)	(18,731,910)
Tariff shortfall (Note 9.1)	32,525,202	80,603,085
Increase in trade and other receivables	(11,567,980)	(5,233,713)
Movement in trade and other payables		
Opening balance	418,185,307	338,745,227
Closing balance	465,595,215	418,185,307
Net movement	47,409,908	79,440,080
Interest on NBET and ONEM bills (Note 13.2)	(33,478,813)	(24,628,206)
Movement in MAP meter cost (Note 29)	-	(78,501)
Increase in trade and other payables	13,931,095	54,733,373
Movement in inventories		
Opening balance	816,029	1,253,721
Closing balance	555,703	816,029
Net movement	260,326	437,692
Reserve for inventory obsolescence (Note 10)	(38,225)	56,296
Decrease in inventories	222,101	493,988

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VALUE ADDED STATEMENT

	2021	%	2020	%
	₦'000		₦'000	
Revenue from contracts with customers	161,243,679		174,758,004	
Cost of goods and other services:				
- Local	(173,973,158)		(137,206,658)	
- Foreign	-		-	
	(12,729,479)		**37,551,346**	
Other income	2,219,398		822,748	
Value (eroded)/added	(10,510,081)	100	38,374,094	100
Applied as follows:				
To Employees:				
- as salaries, wages and other staff costs	7,583,672	(72)	7,310,153	19
To Providers of finance:				
- Finance cost and similar charges	37,764,338	(359)	27,054,342	71
To Government as:				
- Taxes	812,214	(8)	439,840	1
Retained in the business:				
To maintain and replace				
- property, plant and equipment	5,611,013	(53)	5,227,548	14
- intangible assets	613,227	(6)	689,040	2
Loss retained in the business	(62,894,545)	598	(2,346,830)	(6)
Value (eroded)/added	(10,510,081)	100	38,374,094	100

Value (eroded)/added represents the wealth (eroded)/created by the company through its own efforts and those of its employees. This statement shows the distribution of the (eroded)/wealth through the use of the company's assets by its own employees' effort and the allocation of wealth (eroded)/created among employees, providers of capital, government and the proportion retained for the future creation of more wealth.

FIVE-YEAR FINANCIAL SUMMARY

	2021	Restated* 2020	2019	2018	2017
	₦'000	N'000	N'000	₦'000	₦'000
Revenue from contracts with customers	161,243,679	174,758,004	167,805,956	81,721,119	70,182,887
Loss before taxation	(62,082,331)	(1,906,990)	(11,531,432)	(58,716,980)	(58,364,123)
Loss for the year	(62,894,545)	(2,346,830)	(11,970,769)	(58,819,144)	(58,451,863)
Total comprehensive (loss)/ income for the year	(62,894,545)	41,883,791	124,194,001	(58,819,144)	(58,451,863)
Basic (loss)/earnings per share (in Naira)	(6,289)	(235)	12,419	(5,882)	(5,845)

Statement of financial position

	2021	Restated* 2020	Restated* 2019	2018	2017
	₦'000	N'000	N'000	₦'000	₦'000
Property, plant and equipment	158,315,098	155,541,251	110,937,605	107,393,437	108,655,258
Intangible assets	649,123	867,157	1,476,170	1,266,170	1,109,530
Other assets	430,079	636,515	842,952	-	-
Deferred tax asset	-	-	-	2,774,899	2,774,899
Current asset	397,993,284	385,122,566	307,739,345	60,610,094	38,305,347
Total assets	**557,387,584**	**542,167,489**	**420,996,072**	**172,044,600**	**150,845,034**
Capital and liabilities					
Share capital	5,000	5,000	5,000	5,000	5,000
(Accumulated losses)/ retained earnings	(51,070,305)	11,824,240	14,171,070	(116,910,034)	(58,090,890)
Revaluation reserve	91,664,979	91,664,979	47,434,358	47,434,358	47,434,358
Non-current liabilities	38,405,091	11,289,272	17,468,522	22,752,086	25,930,855
Current liabilities	478,382,819	427,383,998	341,917,122	218,763,190	135,565,711
Total capital and liabilities	**557,387,584**	**542,167,489**	**420,996,072**	**172,044,600**	**150,845,034**