

# YOLA ELECTRICITY DISTRIBUTION COMPANY PLC

**AUDITED ACCOUNTS FOR THE YEAR  
ENDED 31 DECEMBER, 2020**



**Kano Office:**  
Suite 1, 3rd Floor Guda Abdullahi Road,  
Farm Centre, Kano State  
Tel: +234 80 3368 1014, +234 80 9939 0900

**YOLA ELECTRICITY DISTRIBUTION COMPANY PLC  
FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31 DECEMBER, 2020**

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## **CORPORATE INFORMATION**

**Registration Number:**

RC. 638618

**Directors:**

Mr. Ayodeji Gbeleyi  
Mrs. Grace Papka  
Permanent Secretary Power  
Federal Ministry of Power,  
Permanent Secretary Finance,  
Federal Ministry of Finance,  
Budget & National Planning  
Mr. Alex Okoh – Director General  
Bureau of Public Enterprises  
Engineer Baba Umara Mustapha

**Registered and Principal Address:**

2 Atiku Abubakar Road  
Jimeta – Yola,  
Adamawa State

**Legal Adviser and Company Secretary:**

Barrister Bala Mohammed  
NBA SCN024092  
2 Atiku Abubakar Road  
Jimeta – Yola,  
Adamawa State

**Auditor:**

Ibrahim Abdullahi & Co.  
(Chartered Accountants)  
Suite 1, 3<sup>rd</sup> Floor B.O.A Plaza 31/34  
Guda Abdullahi Road, Farm  
Centre.  
Kano state.

**Bankers:**

Central Bank of Nigeria  
Fidelity Bank Plc  
First Bank of Nigeria Plc  
Guaranty Trust Bank Plc  
Skye Bank Plc  
Sterling Bank Plc  
United Bank for Africa Plc  
Unity Bank Plc  
Zenith Bank Plc

# YOLA ELECTRICITY DISTRIBUTION COMPANY PLC

## Directors' Report for the Year Ended 31 December, 2020

The Directors present their Annual Report on the Affairs of YOLA ELECTRICITY DISTRIBUTION COMPANY PLC ("the Company"), together with the Financial Statements and Auditor's Report for the year ended 31 December, 2020.

### Legal form

The Principal Activities of the Company are the Distribution and Marketing of Electricity within the Franchise areas of Adamawa State, Borno State, Taraba State and Yobe State.

The Company earned Revenue of ₦17.09 Billion for the year ended 31 December, 2020 (2019: ₦18.96 billion) and a Loss before Taxation of ₦28.01 Billion for the year ended 31 December, 2020 (2019: ₦28.59 billion).

### State of Affairs

In the Opinion of the Directors, the state of the Company's affairs is satisfactory and there has been no material change since the Statement of Financial Position's date, which would affect the Financial Statements as presented. In addition, the Federal Government's privatization program being anchored by the Bureau of Public Enterprises (BPE), aimed at divesting 60% of the Shareholding in the Company has been successfully concluded.

### Reporting Framework

Following the directives of Financial Reporting Council of Nigeria ("FRCN"), the Company had adopted the International Financial Standard (IFRS) in preparing its Financial Statement for the year ended 31 December, 2020.

### Directors in Office during the year and their Interests

The Directors in office during the year and their interests are listed below.

Name	Nationality	Designation	Appointment	Date	Interest	% Holding
Mr. Ayodeji Gbeleyi	Nigerian	Chairman	Appointed	9 <sup>th</sup> January, 2019	None	Nil
Mrs. Grace Papka	Nigerian	Non-Executive	Appointed	9 <sup>th</sup> January, 2019	None	Nil
Mr. Alex Okoh - Director General Bureau of Public Enterprises	Nigerian	Non-Executive	Appointed	9 <sup>th</sup> January, 2019	Indirect	80
Permanent Secretary, Ministry of Power	Nigerian	Non-Executive	Appointed	9 <sup>th</sup> January, 2019	Indirect	Nil
Permanent Secretary, Federal Ministry of Finance, Budget and National Planning	Nigerian	Non-Executive	Appointed	9 <sup>th</sup> January, 2019	Indirect	20
Engr. B.U. Mustapha	Nigerian	Acting Managing Director	Appointed	28 <sup>th</sup> May, 2015	None	Nil

## **Directors' Shareholding and Interests**

There is a subsisting power of Attorney that was issued by the Federal Government of Nigeria that empowers Bureau of Public Enterprises (BPE) and the Ministry of Finance Incorporation to own 80% and 20% respectively of the Shareholding Interest of Yola Electricity Company Plc. The Directors do not have any interests required to be disclosed under Section 275 of the Companies and Allied Matters Act of Nigeria.

In accordance with Section 277 of the Companies and Allied Matters Act of Nigeria, none of the Directors has notified the Company and any declarable Interests in contacts with the Company.

## **Property, Plant and Equipment**

Information relating to changes in Property, Plant and Equipment is disclosed in Note 13 to these Financial Statements.

## **Charitable Donations**

The Company did not make Charitable Donation to any Organization during the year in 2020 (2019: ₦0.91 million). In Compliance with the Section 38(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any Donation or Gift to any Political Party, Political Association or for any Political purpose in the course of the year's Operation.

## **Events after the reporting period**

The hitherto Federal Government's Privatization Programme being anchored by the Bureau of Public Enterprises (BPE) aimed at divesting 60% of the Shareholding in the Company to a Core Investor with the requisite Financial, Technical and Managerial Capabilities has been successfully concluded.

## **Employment and Employee**

### **a) Employee Consultation and Training**

The Company places considerable value on the involvement of its Employees in major Policy matters and keeps them informed on matters affecting the 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 Expertise are the Company's major Assets. The Company continues to invest in the developing such skills. The Company has in-house training facilities, complemented, when and where necessary, with external and overseas training for its Employees. This has broadened opportunities for Career Development within the Organization.

#### **b) Dissemination of Information**

In order to maintain shared perception of our Goals, the Company is committed to communicating Information to Employees as fast and in an effective manner as possible. This is considered critical to the Maintenance of Team spirit and high Employee's morale.

#### **c) Employment of Physically - Challenge Persons**

The Company has no physically - challenged persons in its Employment. However, applications for Employment by 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 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.

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

The Company places a 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's Compensation and Group Life insurance to adequately secure and protect its Employees.

The Company has a well-established Environmental Health and Safety (EH&S) Management system, which formalizes EH&S processes, procedures and programmes and provides for integration of EH&S issues into Business Planning and operations.

#### **Auditors**

In accordance with Section 357(2) of Companies and Allied Matters Act of Nigeria 2020, the Auditor, Messrs.' Ibrahim Abdullahi & Co has expressed its willingness to continue in office as Auditors of the Company.

#### **Statement of Director's Responsibilities in relation to the Financial Statement for the year ended 31 December 2020**

The Directors accept responsibility for the Preparation of the Annual Financial Statement that gives a true and Fair view in accordance with International Financial Reporting Standards (IFRS) and the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

The Directors further accept responsibility for maintaining adequate Accounting records as required by the Companies and Allied Matters Act of Nigeria and for such Internal Control as the Directors determine is necessary to enable the Preparation of Financial Statements that are free from Material misstatement whether due to Fraud or Error.

The Directors have made an Assessment of the Company's ability to continue as a Going Concern and have no reason to believe the Company will not remain a Going Concern in the year ahead on the back of the Federal Government of Nigeria's continuing support as the sole shareholder.

This Position is further buttressed by the concluded sale of Sixty Percent (60%) Equity Interest to a New Core-investor, Quest Electricity Nigeria Limited culminating in the execution in July 2021 of a Share Sale and Purchase Agreement with the Bureau of Public Enterprises on behalf of the Federal Government of Nigeria.

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**

**MR. Ayodeji Gbeleyi**

FRCN/2015/ICAN/00000012331

Signature/Date.....

**Engr. Baba Umara Mustapha**

FRCN/2017/COREN/00000017127

Signature/Date.....

**Abuja Office:**

Suite 414 Kings Plaza,  
Plot 307, Cadastral Zone B09,  
Kado District,  
Abuja

**Kano Office:**

Suite 1, 3rd Floor Guda Abdullahi Road,  
Farm Centre, Kano State  
Tel: +234 80 3368 1014, +234 80 9939 0900

**Lagos Office:**

4 Dipeolu Street, Off Awolowo Way  
Behind Tanterlizers Allen junction,  
Ikeja - Lagos State

**Imo Office:**

132 Wetheral Road, Owerri  
Imo State

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

We have Audited the accompanying Individual Financial Statements of YOLA ELECTRICITY DISTRIBUTION COMPANY PLC ("YEDC" or "the Company") which comprises the Statement of Financial Position as at 31 December, 2020; the statement of Comprehensive Income; Statement of Changes in Equity; and the Statement of Cash flows for the same year ended, along with a summary of significant Accounting Policies and Other Explanatory Information.

**Directors' Responsibilities for the Financial Statements**

The Directors are responsible for the Preparation and Presentation of the Financial Statements that give a true and Fair view of the State of Affairs of the Company in accordance with IFRS and in the manner required by the Companies and Allied Matters Act, 2020;

The Financial Reporting Council of Nigeria ("FRCN") Act, 2011, EPSRA 2005, NERC Circulars and for such internal control as determined necessary by them, to enable the Preparation of Financial Statements that are free from Material misstatement, whether due to fraud or error.

**Auditors' Responsibilities**

Our objectives are to obtain Reasonable Assurance that the Financial Statements as a whole are free of Material Misstatement, whether due to Fraud or Error and subsequently issue an Auditors' report that includes our Opinion. Reasonable assurance is a high Level of Assurance, but not a guarantee that an Audit conducted on an Items of Material Values whether Individual ly or in the Aggregate, they could reasonably be expected to influence the Economic decisions of users taken on the basis of these Financial Statements. This Audit was conducted in Accordance with International Standard for Auditing (ISA) and we exercised Professional judgement and maintain Professional skepticism 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 and Accounting system.



- 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 Evidences 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 Auditors' 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 Auditors' Report. However, future Events or conditions may cause the Company to cease to continue as a Going Concern.
- 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.

### **Basis of Opinion**

An Audit involves performing procedures to obtain Audit evidence about the Amounts and disclosures in the Financial Statements. The procedures selected depend on the Auditors' judgment, including the assessment of the risk of material misstatement of the Financial statement, whether due to fraud or error. In making those risk assessments, the Auditors consider internal controls relevant to the entity's internal control to the entity's Preparation and Fair presentation of the Financial Statements that give a true and Fair view in order to design Audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an Opinion on the effectiveness of the entity's internal control. Also, an Audit includes evaluating the appropriateness of Accounting Policies used and the reasonableness of accounting Estimates made by Management, as well as evaluating the overall presentation of the Financial statement. We believe that the Audit evidences we have obtained are sufficient and appropriate to provide a basis for our Audit Opinion.

### **Bases for Qualified Opinion**

#### **Material Uncertainty relating to Going Concern**

Federal Government of Nigeria through the Bureau of Public Enterprises (BPE) being the Sole Shareholder has consistently been making concerted efforts to ensure Financial stability, Operational efficiency and that the Going Concern of the Company is not threatened as a result of its unfavorable operational Performances over a period of time as contained in Note 26 to the Financial Statements. This indicates that the Company recorded a Net Loss of ₦27.5 billion for the year ended 31 December, 2020 (2019: ₦28.6 billion).

Hitherto Federal Government's privatization program being anchored by the Bureau of Public Enterprises (BPE) aimed at divesting 60% of the shareholding in the Company to a Core investor with the requisite financial, technical and managerial capabilities has been successfully concluded.

### **Material Uncertainty relating to Recovery of Account Receivables**

The Company generated a Total Revenue of N17.09Billion for the year ended 31 December, 2020 (2019: N18.96 billion), which resulted into a decline of approximately N2 Billion Revenue compared to the last Financial Year. However, despite the reduction in the Revenue, an increase of N3Billion was recorded in Account Receivable in the Current year over 2019 Financial Year (Account Receivable – 2020: N27.15B, 2019: N24.25B).

### **Material uncertainty relating to the ability of the Company to Break Even or Generate Positive Contribution due to annual huge Direct Cost of Energy**

YOLA ELECTRICITY DISTRIBUTION COMPANY PLC (YEDC)'s Annual Direct Cost of Energy supply was Twice the Annual Revenue generated from the Sale of such Energy products in 2019 and 2020 Financial Periods. As at 31 December, 2020, the Revenue generated by the Company was N17.09 billion (2019: N18.96 billion) but the Direct Cost of the Power in same year was N36.4 billion (2019: N39.8 billion). Therefore, the Total Negative Contribution in 2020 was N19.3 billion (2019: N20.8 billion).

### **Material uncertainty relating to CAPMI Customer**

Our Audit indicated that YEDC did not have detailed breakdown of its CAPMI Customer's balance Amounting N54.68M in the Current year (2019: N58.07M) and unable to determine the Amount refundable to Individual Customers.

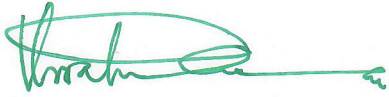
### **Qualified Opinion**

In our Opinion, except for the inability of the Company to adequately reconcile the Account Receivable and Payables for the year under review, Inability to generate Positive Contributions due to huge direct Costs of Energy, inability to recover more than half of the Account Receivables in the near future, Inability to generate Positive Cash flow to offset her obligations to the Creditors and the inability to provide listing of Credited Advanced Payment Metering Implementation ("CAPMI") referred to in the bases for Qualified Opinion paragraph, the Financial Statements give a True and Fair view of the Financial Position of the YEDC as at 31 December, 2020, and of its Compliance with International Financial Reporting Standards ("IFRS"), Electricity Power Sector Reform Act ("EPSRA") 2005, and in the manner required by Companies and Allied Matter Act of Nigeria Cap LFN 2020 ("CAMA") and relevant Nigerian Electricity Regulatory Commission ("NERC") Circulars.

### **Report on Other Legal Regulatory Requirements**

Compliance with the requirements of schedule 6 of Companies and Allied Matters Act of Nigeria, 2020.

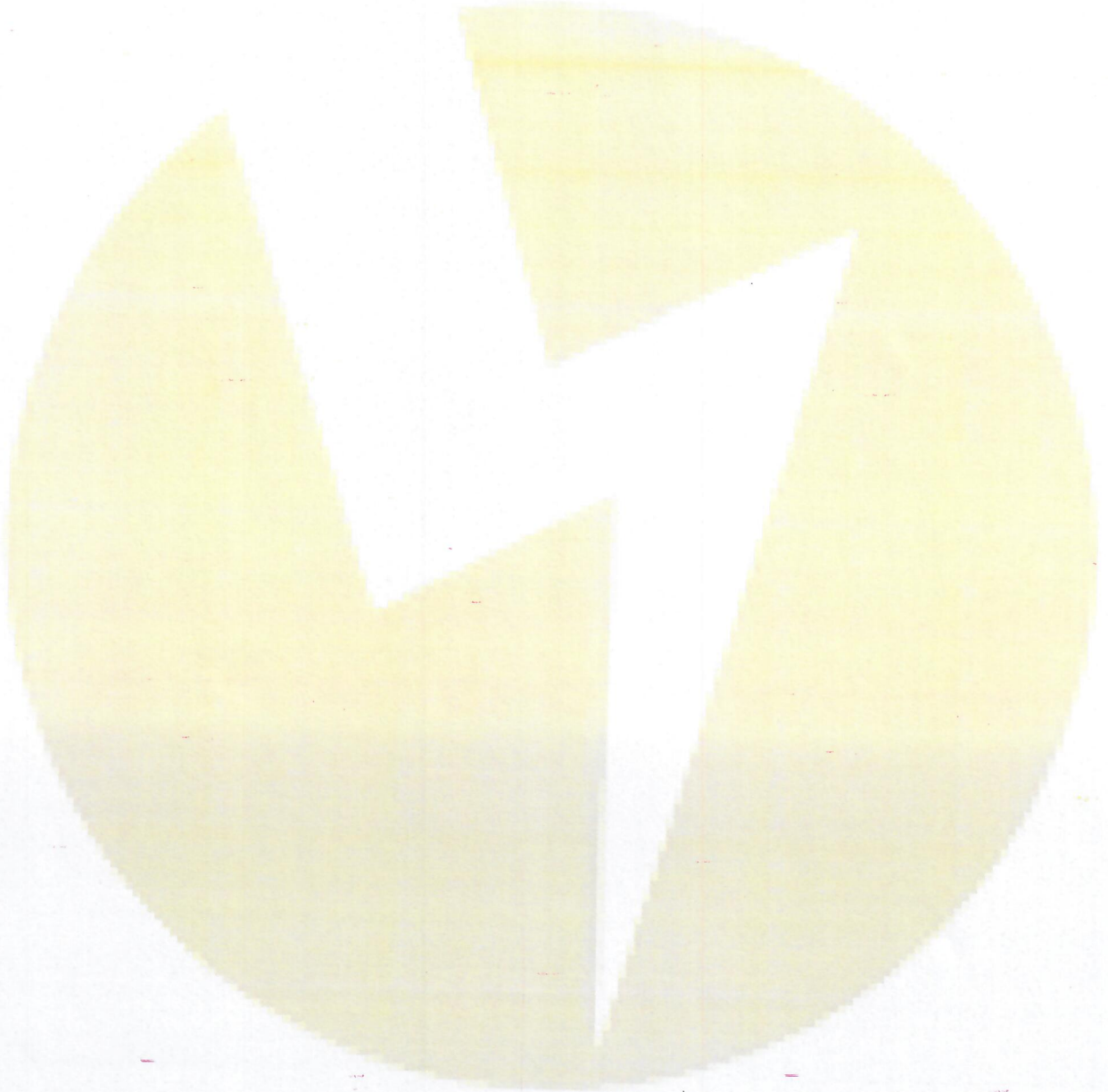
In Our Opinion, YEDC has kept proper Books of Account, so far as it appears from our Examination of the Company's Statement of Financial Position and its Statement of Comprehensive Income, which are in agreement with the Books of Account.



**Adelani Ahmad, FCA**

FRC/2019/CITN/00000017786

For: Ibrahim Abdullahi & Co Chartered Accountants  
Kano, Nigeria




**YOLA ELECTRICITY DISTRIBUTION COMPANY PLC**

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2020**

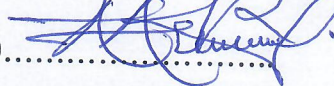
	NOTE	2020 ₦'000	2019 ₦'000
<b>NON-CURRENT ASSETS</b>			
Property Plant and Equipment	13	2,772,230	2,483,587
Intangible Assets	14	<u>7,373</u>	<u>8,767</u>
		<b><u>2,779,604</u></b>	<b><u>2,492,354</u></b>
<b>CURRENT ASSETS</b>			
Inventories	15	292,434	361,988
Trade & Other Receivables	16	27,147,272	24,252,313
Prepayments	17	36,119	49,988
Cash & Cash Equivalents	18	<u>1,052,858</u>	<u>882,234</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>28,528,683</u></b>	<b><u>25,546,524</u></b>
<b>TOTAL ASSETS</b>		<b><u>31,308,287</u></b>	<b><u>28,038,878</u></b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity:</b>			
Share Capital	19	5,000	5,000
FG Grant - Tangible Assets	23	832,743	832,743
Other reserves	32	344,184	-
Accumulated Surplus/Deficit		<u>(102,048,358)</u>	<u>(73,998,570)</u>
		<b><u>(100,866,431)</u></b>	<b><u>(73,160,828)</u></b>
<b>Liabilities:</b>			
<b>Non-Current Liabilities</b>			
Loans & Borrowings - CAPM Payables	22	257,506	299,214
		<b><u>257,506</u></b>	<b><u>299,214</u></b>
<b>Current Liabilities</b>			
Deferred Income	21	158,415	122,281
Trade & Other Payables	20	131,746,590	100,740,565
Current Tax	12	<u>12,208</u>	<u>37,645</u>
		<b><u>131,917,212</u></b>	<b><u>100,900,492</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>132,174,718</u></b>	<b><u>101,199,705</u></b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<b><u>31,308,287</u></b>	<b><u>28,038,878</u></b>

These Financial Statements were approved by the Board of Directors on its behalf by:

MR. Ayodeji Gbeleyi : FRCN/2015/ICAN/00000012331 

Engr. Baba Umara Mustapha: FRCN/2017/COREN/00000017127 

Additionally, Certified by:

Rimamsikwe Joshua Angyu Aranki: FRCN/2017/ANAN/00000016850 

**YOLA ELECTRICITY DISTRIBUTION COMPANY PLC.**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER, 2020**

	NOTE	2020 #000	2019 #000
<b>Revenue</b>	7	17,091,702	18,963,301
Direct Cost	9(a)	(36,432,461)	(39,768,232)
<b>Gross (Loss)/Profit</b>		<b>(19,340,759)</b>	<b>(20,804,931)</b>
Other Income	8	31,342	16,071
Distribution Expenses	9(b)	(373,119)	(327,386)
Billing & Collection Expenses	9(c)	(74,790)	(17,510)
Customer Service Expenses	9(d)	(5,130)	(5,623)
Administrative Expenses	9(e)	(8,234,483)	(7,449,264)
<b>Profit or (Loss) from Operating Activities</b>		<b>(27,996,939)</b>	<b>(28,588,643)</b>
Finance Income	10	-	-
Finance Costs	11	10,370	7,558
<b>Net Finance Cost</b>		<b>(10,370)</b>	<b>(7,558)</b>
Profit or Loss Before Taxation		(28,007,308)	(28,646,189)
Taxation	12	(42,480)	(23,716)
<b>Profit or Loss After Taxation</b>		<b>(28,049,788)</b>	<b>(28,619,917)</b>
<b>Other Comprehensive Income:</b>			
Other Comprehensive Income Net of Tax			
Other Comprehensive Income for the year			
		-	-
<b>Total Comprehensive Income or Loss for the year</b>		<b>(28,049,788)</b>	<b>(28,619,917)</b>

The notes and Accounting Policies annexed form an integral part of these Financial Statements.

**YOLA ELECTRICITY DISTRIBUTION COMPANY**

**STATEMENTS OF CHANGE IN EQUITY FOR THE YEAR  
ENDED 31 DECEMBER, 2020**

	<b>Share Capital</b>	<b>Accumulated Deficits</b>	<b>Total</b>
	<b>₦000</b>	<b>₦000</b>	<b>₦000</b>
<b>Balance as at 31 December, 2019</b>	5,000	(73,998,570)	(73,993,570)
<b>Total Comprehensive Income for the year</b>			
Profit or Loss for the year	5,000	(28,049,788)	(28,044,788)
Other Comprehensive Income	-	-	-
<b>Total Comprehensive Income</b>	5,000	(28,049,788)	(28,044,788)
Transaction with Owners		-	
<b>Balance as at 31 December, 2020</b>	5,000	(102,048,358)	(102,043,358)
<b>Balance as at 1 January, 2020</b>	5,000	(73,998,570)	(73,993,570)
Profit or Loss for the year	-	(28,049,788)	(28,049,788)
Prior year adjustment	-	-	-
<b>Total Comprehensive Income</b>	5,000	(102,048,358)	(102,043,358)
Transaction with Owners			-
<b>Balance as at 31 December, 2020</b>	<b>5,000</b>	<b>(102,048,358)</b>	<b>(102,043,358)</b>

The notes and Accounting Policies annexed form an integral part of these Financial Statements.

**YOLA ELECTRICITY DISTRIBUTION COMPANY  
STATEMENT OF CASH FLOWS FOR THE YEAR  
ENDED 31 DECEMBER, 2020**

	NOTE	2020 N'000	2019 N'000
<b>Cash Flows from Operating Activities :</b>			
Profit or Loss Before Taxation		(28,007,308)	(28,596,201)
<b>Adjustment for non-Cash Items:</b>			
Depreciation	13	221,262	159,955
Amortization	14	3,781	4,453
Taxation		(42,480)	-
Movement in reserves		-	270,926
		(27,824,746)	(28,160,868)
<b>Movement on Working Capital:</b>			
Increase/Decrease in Inventories	15	69,554	(75,764)
Increase/Decrease in Trade & Other Receivables	16	(2,894,959)	(5,286,182)
Increase/Decrease in Prepayment	17	13,869	(49,029)
Increase/Decrease in Trade & Other Payables	18	31,006,024	33,266,612
Increase/Decrease in Taxation	12	(25,438)	-
Increase/Decrease in Deferred Income		36,133	8,928
<b>Net Cash Generated from operating Activities</b>		<b>380,438</b>	<b>(296,303)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>			
Acquisition of Property Plant & Equipment	13	(199,735)	(360,374)
Acquisition of Intangible Assets	14	(2,387)	(2,756)
Transfer/Reclassification of Fixed Assets		(310,170)	-
<b>Net Cash Used in Investing Activities</b>		<b>(512,292)</b>	<b>(363,130)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES :</b>			
Loans & Borrowings	22	(41,706)	231,249
Government Grant	23	-	128,952
Other reserves	32	344,184	-
<b>Net Cash Generated from Financing Activities</b>		<b>302,478</b>	<b>360,201</b>
<b>Net Increase/Decrease in Cash &amp; Cash Equivalent</b>		<b>170,624</b>	<b>(299,233)</b>
Cash & Cash Equivalent as at 1 January, 2018		882,234	1,181,467
<b>Cash &amp; Cash Equivalent as at 31 December, 2019</b>		<b>1,052,858</b>	<b>882,234</b>

The notes and Accounting Policies annexed form an integral part of these Financial Statements.

**YOLA ELECTRICITY DISTRIBUTION COMPANY PLC**  
**NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER, 2020**

**1. Reporting Entity**

YOLA ELECTRICITY DISTRIBUTION COMPANY PLC ("the Company") is a Public Limited Liability Company that was incorporated on November 8, 2005 to take over as a Going Concern, the Electricity Distribution Activities and related Business of the Power Holding Company of Nigeria (PHCN) within the Franchise Areas of Adamawa State, Borno State, Taraba State and Yobe State. The Company is domiciled in Nigeria and has its registered office address at 2 Atiku Abubakar Road, Jimeta – Adamawa state.

The Company Markets and distributes Electricity within the captive States above based on a license granted to it by the Nigerian Electricity Regulatory Commission (NERC). The license is for a period of 17 years and expires in 2028 with an option to renew for another 10 years. Based on the terms and conditions of the license and regulations as contained in the Electricity Power Sector Reform Act (EPSRA) 2005, the Company is a monopoly within its geographical coverage area and operates under a price control regime known as the Multi Year Tariff Order (MYTO).

**2. Basis for Accounting**

The Financial Statements of the Company have been Prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in the manner required by the Companies & Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011. Details of the Company's Accounting Policies are included in Note 5.

**3. Going Concern Basis of Accounting**

The Financial Statements have been Prepared on a Going Concern basis, which assumes that the Company will be able to meet its obligations for at least twelve months from the year end.

**4. Functional and Presentation Currency**

These Financial Statements are presented in Nigeria Naira (NGN), which is the Company's functional Currency. All Amount stated in NGN have been rounded to the nearest thousand, unless Otherwise indicated.

**5. Use of Judgement and Estimates**

In preparing these Financial Statements, Management has made Judgements, Estimates and Assumptions that affect the application of Company's Accounting Policies and the reported Amounts of Assets, Liabilities, Income and Expenses. Actual results may differ from these Estimates. Estimates and underlying Assumptions are reviewed on an ongoing basis. Revisions to Estimates are recognized.



## **a. Judgement**

Information about Judgement made in applying Accounting Policies that have the most significant effects on the Amount recognized in the Financial Statements is included in the following notes:

Note 13 – Property, Plant and Equipment

## **b. Assumptions and Estimation uncertainties**

Information about Assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments in the year ending 31 December 2020 in the following notes:

- Notes 7 and 21– Revenue recognition – Estimation of Deferred Revenue from Prepared Customers
- Note 12(e) – Recognition of Deferred Tax Assets: availability of future Taxable Profit against which they can be set off in the subsequent periods.
- Note 27(a) – Impairment of Trade Receivables
- Note 24 – Recognition and measurement of Provisions and contingencies: key Assumptions about the likelihood and magnitude of an outflow of resources

## **6. Significant Accounting Policies**

The Accounting Policies set out below have applied consistently to all periods presented in these Financial Statements.

### **a. Revenue**

Revenue primarily represents the sales value of Electricity and other related Energy services supplied to Customers during the year and excludes Value Added Tax. The Company generally recognizes Revenue upon delivery of services/ goods to Customers or upon complete when the risks and rewards associated with ownership have been transferred to the buyer as contractually established and collection of the resulting Receivable is probable. Revenue from the sale of Electricity to post-paid Customers is the volume of units supplied during the year including an Estimate of the value of volume of units supplied to these Customers between the date of their last meter reading (which coincides with the last invoice date) and the year-end. In case of prepaid meter Customers, an Estimate is made for unearned Revenue as at year-ended and this is included in the Statement of Financial Position as Deferred Revenue.

In line with the applicable Tariff Framework, Prices charges 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 recognize 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 as Deferred Revenue. Revenue from rendering of services is recognized when such services are rendered.

**b. 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 recognized using the effective Interest method. Finance Costs comprise Interest expense on Interest bearing borrowings. Borrowing Costs that are not directly attributable to the acquisition, construction or production of qualifying Assets are recognized in Profit or Loss using the effective Interest method.

**c. Foreign currency Transactions**

Transactions denominated in Foreign Currencies are translated and recorded in the functional currency (Nigeria Naira) at the actual exchange rates as of the Transaction. Monetary Assets and Liability denominated in Foreign Currencies at the Reporting Date are translated to the functional currency at the rates of exchange prevailing at that date.

**d. Property, Plant and Equipment (PPE)**

**• Recognition and Measurement**

Land, Buildings and Distribution Network Assets are carried at Fair value, based on valuations by external independent Values, less subsequent depreciation. Valuations are performed with sufficient regularity to ensure that the Fair value of a revalued Asset does not differ materially from its Carrying Amount. 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 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 credited to Other Comprehensive Income (OCI) and shown as Revaluation Reserve in Equity. Decreases that offset previous increases of the same Asset are charged in Other Comprehensive Income and debited against Revaluation Reserve directly in Equity; all other decreases are charged to the Profit or Loss Account.

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 separated Items (major components) of Property, Plant and Equipment. Any gain or Loss on disposal or derecognition of an Item of Property, Plant and Equipment is recognized in Profit or Loss. Contributions by Customers of Items of Property, Plant and Equipment, which require an obligation to supply goods to the Customer in the future, are recognized 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, it recognizes the transferred Asset as PPE. At initial recognition, its Cost is measured at Fair value, and a corresponding Amount is recognized as Income when the Company has no future Performance obligations. If any Company is yet to discharge the future Performance obligation, the corresponding Amount is recognized as a Deferred Income pending the Performance of the obligation.

- **Subsequent Expenditure**

Subsequent Expenditure is included in the Asset's Carrying Amount or Recognized 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 derecognized. All Other repairs and Maintenance are charge to the Profit or Loss during the financial period in which they are incurred.

- **Depreciation**

Depreciation is calculation to write off the Cost or Fair value of Item of Property, Plant and Equipment less their estimated residual value using the straight-line over their Estimated useful lives, and is generally recognized in Profit or Loss statement.

The Estimated useful lives of Items of Property, Plant and Equipment are as follows:

<b>Life (years)</b>	
Land	Not depreciated
Buildings	40
Distribution Network Assets	20
Motor vehicles	5
Furniture, fittings and Equipment	10

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. Depreciation methods, useful lives and residual Values are reviewed at each Reporting Date and adjusted if appropriate.

- **Derecognition of PPE**

The Carrying Amount of an Item of Property, Plant and Equipment shall be derecognized 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 derecognized.

- e. **Intangible Assets**

Intangible Assets with Finite useful lives that are acquired separately are carried at Cost less Accumulated Amortization and Accumulated Impairment Losses. Acquired Computer Software licenses are capitalized on the basis of Costs incurred and bring to use the specific Software.

- **Subsequent Expenditure**

Subsequent Expenditure is capitalized only when it increases the future Economic benefit embodied in the specific Asset to which it relates. All Other Expenditure, including Expenditure on internally generated goodwill and brands, is recognized in Profit or Loss statements as incurred.

- **Amortization**

Amortization is calculated write-off the Cost of intangible Assets less the Estimated Residual Values using the straight-line method over their estimated useful lives is generally recognized in Profit or Loss. The Estimated useful life of intangible Assets (Computer Software) is 5 years.

Amortization Methods, useful lives and Residual Values are reviewed at each Reporting Date and adjusted if appropriate.

- f. **Financial instrument**

The Company classifies non-derivative Financial Assets as loans and Receivables. The Company classifies non-derivative Financial Liabilities into the Other Financial Liabilities.

- **Non-derivative Financial Assets and Financial Liabilities – Recognition and Derecognition**

The Company initially recognizes loans and Receivables on the date when they are originated. Financial Assets and Financial Liabilities are initially recognized on the Trade date. The Company derecognizes a Financial Asset when the Contractual rights to the Cash flows the Asset expire, or it transfers the rights to receive 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, or it neither transfers nor retain control over the transferred Asset. Any Interest in such Derecognized Financial Assets that is created or retained by the Company is recognized as a separate Asset or Liability.

The Company derecognizes a Financial Liability when its Contractual obligations are discharged or cancelled or expire. Financial Assets and Financial Liabilities are offset and the Net Amount presented in the Statement of Financial Position when, and only when, the Company has a Legal right to offset the Amounts and intends either to settle them on a basis or to realize the Asset and settle the Liability simultaneously.

- **Non-Derivative Financial Assets – Measurement**

- Loans and Receivables**

- These Assets are initially recognized at Fair value plus any Costs directly attributable Transaction Costs.

- Subsequent to initially recognition, they are measured at Amortized Cost using the effective Interest method. They are included in Current Assets, except for non-Trade Receivables that have maturities greater than 12 months after the reporting period. These classified as non-Current Assets.

- **Non-Derivative Financial Liabilities – Measurements**

- Non-derivative Financial Liabilities are initially recognized at Fair value less any directly attributable Transaction Costs. Subsequent to initial recognition, they 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.

- g. Statement of Cash flows**

The Cash Flow Statement is prepared using the indirect method. Changes in the Statement of Financial Position Items that have not resulted in Cash flows such as Other Non-Cash Items; have been eliminated for the purpose of preparing the statement. Interest paid is included in financing Activities whilst finance Income is included in investing Activities.

- h. Share Capital**

- **Ordinary Shares**

- Incremental Costs directly attributable to the issue of Ordinary Shares, Net of any Tax effects, are recognized as a deduction from Equity.

- **Government Grants**

- Government Grants are usually recognized as part of Shareholder's Funds in the Statements of Financial Positions, as it usually comes in Tangible Assets form and the related Tangible Asset is recognized in the books and depreciated over its useful life.

## **i. Inventories**

Inventories are stated at the lower of Cost and Net realizable value. 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.

## **j. Leases**

### ✓ **Determining whether an arrangement contains a Lease**

At Inception of an arrangement, the Company determines whether such an arrangement is or contains a Lease. At inception or on reassessment of the arrangement, the Company Separate Payments and Other consideration required by such an arrangement into those for the Lease and those for Other elements on the basis of their relative Fair Values. If the Company concludes for a finance Lease that it is impracticable to separate the Payments reliably, then an Asset and a Liability are recognized at an Amount equal to the Fair value of the underlying Asset. Subsequently the Liability is reduced as Payments are made an imputed finance Cost on the Liability is recognized using the Company's incremental borrowing rate.

### ✓ **Leased Assets**

Assets held by the Company under Leases that transfer to the Company substantially all of the risks and rewards of ownership are classified as finance Leases. The Leased Assets are measured initially at an Amount equal to the lower of their Fair value and the present value of the minimum Lease Payments. Subsequent to initial recognition, the Asset is accounted for in accordance with the accounting policy applicable to that Asset.

### ✓ **Lease Payments**

Payments made under Operating Leases are recognized in Profit or Loss on a straight-line basis over the Lease. Lease incentives received are recognized as an integral part of the total Lease expense, over the term of the Lease.

Minimum Lease Payments made under finance Lease are apportioned between the finance expense and the reduction of the outstanding Liability. The finance Expenses are allocated to each period during the Lease term so as to produce a constant periodic rate of Interest on the remaining balance of the Liability.

## **k. Impairments**

### • **Non-Derivative Financial Assets**

Financial Assets are assessed at each Reporting Date to determine whether there is objective Evidence of Impairment.

Objective Evidence that Financial Assets are impaired includes:

1. Restructuring of an Amount due to the Company on terms that the Company would not consider Otherwise;
2. Indications that a Debtor or Issuer will enter Bankruptcy;
3. Adverse changes in the payment status of borrowers or issuers;

- **Financial Assets measured at Amortized Cost**

The Company considers evidence of Impairment for these as both an Individual Asset and a Collective Level. All Individual Significant Assets are individually assessed for any Impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for Impairment. Collective assessment is carried out by grouping together Assets with similar risk characteristics.

In assessing Collective Impairment, the Company uses historical Information on the timing of recoveries and the Amount of Loss incurred, and makes an adjustment if Current Economic and credit conditions are such that the actual Losses are likely to be greater or lesser than suggested by the historical trends.

An Impairment Loss is calculated as the difference between an Asset's Carrying Amount and the Estimated Recoverable Amount. Losses are recognized in Profit or Loss and reflected in an allowance account. When the Company considers that there are no realistic prospects of recovery of the Asset, the relevant Amounts are written off. If the Amount of Impairment Loss subsequently decreases and the decrease can be related objectively to an event occurring after the Impairment was recognized, then the previously recognized Impairment Loss is reversed through Income Statements Account.

- **Non-Financial Assets**

At Each Reporting Date, the Company reviews the Carrying Amounts of its Non-Financial Assets (Other than inventories) 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 of the risks specific to the Asset or CGU.

An Impairment Loss is recognized if the Carrying Amount of an Asset or CGU exceeds its Recoverable Amount. Impairment Losses are recognized in Profit or Loss. An Impairment Loss is reversed only to the extent 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 recognized.

## **I. Employee Benefits**

### **▪ Short term Employee Benefits**

Short-term employee benefits are expensed as the related service is provided.

A Liability is recognized 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.

### **▪ Defined Contribution Plan**

Obligation for Contributions to defined contribution Plans are expensed as the related service is provided. Prepaid Contributions are recognized as an Asset to the extent that a Cash refund or reduction in future payment 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 July 1 2014. Staff Contributions to the scheme are funded through payroll deductions while the Company's contribution is recognized in Profit or Loss as Employees benefit expense in the periods which services are rendered by employee benefit expense in the periods during which service 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.

### **▪ Termination Benefits**

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

## **m. Provisions and Contingent Liabilities**

### **• Provisions**

A Provision is a recognized if, as a result of 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 recognized as finance Cost. Provision for restructuring is recognized 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.

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.



Provision is measured at the Present value of the lower of the expected Cost of Provision is established, the Company recognizes any Impairment Loss that has occurred on the Assets dedicated to that Contract.

- **Contingent Liabilities**

A contingent Liability is 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 but is not recognized because it is not probable that an outflow of resources embodying Economic benefits will be required to settle the obligation cannot be measured with sufficient reliability.

Contingent Liabilities are only disclosed and recognized 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.

- n. **Minimum Tax**

Section 33 Finance Act (Company Income Tax Act) 2020 allows for minimum Tax Assessment where Taxpayer does not have Taxable Profit that would generate an eventual Tax Liability when assessed to Tax or when the actual Tax Liability is less than the minimum Tax Payable. Federal Government of Nigeria has reduced the minimum Tax rate from 0.5% of Gross turnover to 0.25% for Tax returns filed in respect of any year of assessment that is due on any date between 1st January 2020 and 31st December 2021.

- **Income Tax**

Income Tax expense Comprises Current and Deferred Tax. It is recognized in Profit or Loss except to the extent that it relates to a Business combination, or Items recognized directly in Equity or Items recognized directly in Equity or in Other Comprehensive Income (OCI).

- **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 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. Current Tax also includes any Tax arising from dividends.

Current Tax Asset and Liabilities are offset if the Company:

- a. Has Legally enforceable right to set off the recognized Amount; and
- b. Intends either to settle on a Net basis, or to realize the Asset and settle the Liability.

- **Deferred Tax**

Deferred Tax is recognized in respect of Temporary Differences between the Carrying Amounts of Assets and Liabilities for Financial reporting purpose and the Amounts used for Taxation.

Deferred Tax Assets are recognized for unused Tax Losses, unused Tax credit and deductible temporary difference to the extent that it is probable that future Taxable Profits will be available against which they can be used. Deferred Tax Assets are reviewed at each Reporting Date are reduced to the extent that it is no longer probable that the related Tax benefits will be realized.

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 the Assets and Liabilities.

Deferred Tax Assets and Liabilities are offset only if the Company:

- a. Has Legally enforceable right to set off Current Tax Assets against Current Tax Liabilities: and
- b. The Deferred Tax Assets and Deferred Tax Liabilities relate to Income Taxes levied by the same Taxation authority.

- o. **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 value. The Chief Finance officer has overall responsibility for overseeing all significant Fair value measurements, including Level 3 Fair Values, and reports directly to the Managing Director.

The Chief Finance Officer (CFO) regularly monitors observable inputs and valuation adjustments for the purpose of Value measurements. 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 valuation should be classified. Significant valuation issues are reported to the Board of Directors.

When measuring the Fair value of an Asset or a Liability, the Company uses Market observable data as far as possible. Fair Values Are Categorized into Different Levels in a Fair value hierarchy based on the input 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 as Prices or indirectly 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 Liability might be Categorized in Different Level of the Fair value hierarchy, then the value measurement is Categorized in its entirety in the same Level of the value hierarchy as the lowest Level input is significant to the entire.

The Company recognizes transfers between Levels of the Fair value hierarchy at the end of the reporting period during which the change has occurred.

The Director(s) are Confident that the Company will be able realize its Assets and discharge its Liabilities in the normal course of Business. Hence, these Financial Statements have been prepared using Accounting Policies applicable to a Going Concern.

## 7 Revenue

Revenue Comprises Amount derived from delivering of Electricity and Other Related Activities across the Company's Distribution Network within the Franchise Area of Adamawa State, Borno State, Taraba State, and Yobe State.

The Breakdown of Revenue based on the Consumption of Electricity by Customer are as follows:

	<b>2020</b>	<b>2019</b>
	<b>₦000</b>	<b>₦000</b>
Residential	10,276,531	11,896,040
Commercial	3,660,209	4,016,456
Industrial	950,317	874,791
Street Lighting	57,018	60,978
Ministries, Departments, Agencies e	2,147,626	2,115,036
	<b>17,091,702</b>	<b>18,963,301</b>

## 8 Other Income

	<b>2020</b>	<b>2019</b>
	<b>₦000</b>	<b>₦000</b>
Late payment charges	28,717	16,071
Other Electricity utility Revenue	2,625	-
	<b>31,342</b>	<b>16,071</b>

## 9 EXPENSES BY NATURE

### A. Cost of Sales

Cost of Sales relate to Amount invoiced to YEDC for Energy purchased from the Nigerian Bulk Electricity Trading Plc and Market Operation during the year;

	2020	2019
	#000	#000
Cost of Energy	36,419,006	39,742,221
Other Finance Expenses	13,456	26,011
<b>Total Cost of Energy</b>	<b>36,432,461</b>	<b>39,768,232</b>

### B. Distribution Expenses

This Represents Expenses related to the Core Distribution Activities of YEDC including Salaries and Other Staff Cost of the Staff responsible for these Activities and various Maintenance of the Power lines and Other Equipment for distributing Electricity.

	2020	2019
	#000	#000
Haulage	550	-
Repairs & Maintenance	371,802	322,787
Station & Substation Equipment	125	-
Distribution Expenses – Operation	-	4,599
Overhead Line Cost	70	-
Miscellaneous Maintenance Expenses	573	-
<b>TOTAL DISTRIBUTION EXPENSES</b>	<b>373,119</b>	<b>327,386</b>

### C. Billing & Collection Expenses

	#000	#000
Computer stationery (Billings Only)	55,607	5,606
Customer record, Billing NAD & Coll. Exp.	1,214	7,948
Maintenance of Billing & Collection Equip.	17,969	-
Impairment allowance on Trade Receivable	-	-
Labour Expenses	-	3,956
	<b>74,790</b>	<b>17,510</b>

### D. Customer Service Expenses

	2020	2019
	#000	#000
Advert and publicity	5,130	5,623
Other Customer Service Expenses	-	-
	<b>5,130</b>	<b>5,623</b>

e. **Administrative expenses**

	<b>2020</b>	<b>2019</b>
	<b>₦000</b>	<b>₦000</b>
Staff Cost	2,486,554	1,778,688
Directors Cost	38,879	16,663
Executive Salaries	53,337	54,859
Transport & Accommodation	53,769	58,053
Motor Vehicle Running & Repairs	43,266	45,908
Printing & Stationary	35,105	30,537
Repairs & Maintenance - Office Buildings	35,663	34,600
Repairs & Maintenance - Computer Equipment	9,855	21,390
Staff training	14,428	17,203
Rent & Rates	8,506	11,297
Security Service	108,754	128,753
Communication & Postages	12,903	8,311
Office Supplies	-	9,055
Health & Safety Expenses	12,312	12,000
Employee welfare	14,980	4,160
Employee medical expenses	23,726	27,103
Amortisation Expenses	3,781	4,453
Audit Fee	7,925	7,000
Pension cost	115,951	101,148
Consulting, Legal, training & Other Prof. fee	27,050	37,902
Penalties	10,000	-
Tenement Rate	4,487	-
Pre incorporation expenses	-	6,591
Courier charges	400	475
Depreciation	221,262	159,955
Electricity & Other Utilities	96	45
Subscription Charges	10,962	10,479
Donation/Community relations	-	901
Entertainment Expenses	12,975	14,904
Cash Pilferage & Suppression	54,016	-
Miscellaneous Expenses - Operating	4,854	-
Miscellaneous Expenses - Non operating	3,340	10,039
Increase in provision for impairment	887,678	1,359,302
Bad debts written off	3,902,278	3,458,439
Obsolete & Slow moving items	15,391	19,052
	<b>8,234,483</b>	<b>7,449,264</b>
<b>TOTAL EXPENSES</b>	<b>45,119,983</b>	<b>47,568,015</b>

## 10 Net Finance Cost

		2020 #000	2019 #000
Finance Income		-	-
<b>Interest Income</b>	<b>( A )</b>	<u>-</u>	<u>-</u>
<b>Finance Cost</b>			
Bank Interest Expenses		10,370	7,558
Total Interest Expense	<b>( B )</b>	<u>10,370</u>	<u>7,558</u>
<b>Net Finance Income/Cost</b>	<b>( C )</b>	<u><u>(10,370)</u></u>	<u><u>(7,558)</u></u>

## 11 Loss before Taxation

a. Loss before Taxation is stated after charging:

	2020 #000	2019 #000
Depreciation (Note 13)	221,262	159,955
Staff Cost	2,486,554	1,778,688
Impairment allowance on Trade Receivables	887,678	1,359,302
Bad debts	3,902,278	3,458,439
Audit Remuneration	7,925	7,000
	<u>7,505,697</u>	<u>6,763,383</u>

### b. Staff Cost

	2020 #000	2019 #000
(i) Staff Cost Include:		
Salaries & Wages	2,486,554	1,778,688
Employer's Pension Contribution	115,951	101,148
	<u>2,602,505</u>	<u>1,879,836</u>

(ii) 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:

	2020 Number	2019 Number
₦200,001 - ₦999,999	402	312
₦1,000,000 - ₦2,000,000	294	298
₦2,000,001 - ₦3,000,000	178	182
₦3,000,001 - ₦4,000,000	42	79
₦4,000,001 - ₦5,000,000	4	34
₦5,000,001 and above	18	61
	<u>938</u>	<u>966</u>

- (iii) The average number of full-time persons employed during the year (Other than executive Directors) as Follows:

	2020	2019
	Nos	Nos
Operations	637	656
Administration	301	310
	<b>938</b>	<b>966</b>

**c. Director(s) Remuneration**

Director's Remuneration Paid and accrued during the year is analyzed as follows:

	2020	2019
	#000	#000
Fees as Director	22,216	-
Other Emoluments	16,663	16,663
	<b>38,879</b>	<b>16,663</b>

**12 TAXATION**

a. Yola Electricity Distribution Company Plc applied the Provisions of the Finance Act (CITA) 2020 that mandates a minimum Tax Assessment where Taxpayer does not have Taxable Profit which would generate Tax Liability when it is assessed to Tax or where the Tax Liability is lower than the minimum Tax Payable. The Company's assessment based on the minimum Tax year legislation for the year ended 31 December, 2020 was estimated at N42.5 million and 2019 for ₦23.7million.

**b. Reconciliation of Effective Tax Rate**

The Tax on the Company's Profit or Loss before Tax defers from the theoretical Amount as follows:

		2020	2019
	%	#000	#000
Loss before minimum Tax and Income Tax		(28,007,308)	(28,596,201)
Income Tax using the Statutory Tax rate/Minimum Tax	0.25	(42,480)	(23,716)
<b>Effect of:</b>			
Movement in unrecognized Deferred Tax Assets		-	-
Non-deductible Expenses	(0.25)	-	-
Total Income Tax Expenses		<b>(42,480)</b>	<b>(23,716)</b>

**C. Movement in Current Tax Liability**

	<b>2020</b>	<b>2019</b>
	<b>₦000</b>	<b>₦000</b>
<b>Balance at 1st January,</b>	37,645	-
Minimum Tax	42,480	23,716
Reclassification (12 d.(i))	(37,645)	-
<b>Balance at 31 December,</b>	<b>42,480</b>	<b>23,716</b>

Section 33 Finance Act (Company Income Tax Act) 2020 allows for minimum Tax Assessment where Taxpayer does not have Taxable Profit that would generate an eventual Tax Liability when assessed to Tax or when the actual Tax Liability is less than the minimum Tax Payable. Federal Government of Nigeria has reduced the minimum Tax rate from 0.5% of Gross turnover to 0.25% for Tax returns filed in respect of any year of assessment that is due on any date between 1st January 2020 and 31st December 2021.

**13. FIXED ASSETS**

	Land	Building	Distribution Network Assets	Furniture and Fittings	Motor Vehicles	Capital Work in Progress	TOTAL
	₦000	₦000	₦000	₦000	₦000	₦000	₦000
<b>COST 01/01/2020</b>	37	90,177	1,769,206	201,116	653,632	1,210,329	3,924,497
Addition	300	-	132,764	15,671	51,000	-	199,735
Transfer/Reclassification	-	-	(65,152)	(168)	-	-	(65,320)
Disposal	-	-	-	-	-	-	-
<b>COST 31/12/2020</b>	<b>337</b>	<b>90,177</b>	<b>1,836,818</b>	<b>216,619</b>	<b>704,632</b>	<b>1,210,329</b>	<b>4,058,912</b>
<b>DEPRECIATION</b>							
1/1/2020	-	65,389	731,992	156,026	487,504	-	1,440,910
Charges	-	155	37,877	7,896	175,334	-	221,262
Transfer/Reclassification	-	(11,429)	(285,532)	20,378	(98,908)	-	(375,490)
<b>12/31/2020</b>	<b>-</b>	<b>54,115</b>	<b>484,337</b>	<b>184,299</b>	<b>563,930</b>	<b>-</b>	<b>1,286,682</b>
<b>Net Book Value:</b>							
12/31/2020	<b>337</b>	<b>36,062</b>	<b>1,352,481</b>	<b>32,320</b>	<b>140,702</b>	<b>1,210,329</b>	<b>2,772,230</b>
12/31/2019	<b>37</b>	<b>24,788</b>	<b>1,037,214</b>	<b>45,091</b>	<b>166,128</b>	<b>1,210,329</b>	<b>2,483,587</b>



## 14 Intangible Assets

Intangible Assets comprise the Cost of Computer software and Licensing fees acquired. The movement in the account during the year are as follows:

	Computer Software Licenses	
	2020	2019
	₦000	₦000
<b>Cost</b>		
Balance at 1 January	16,516	13,760
Additions	2,387	2,756
<b>balance at 31 December</b>	<b>18,903</b>	<b>16,516</b>
<b>Accumulated Amortization</b>		
Balance at 1 January	7,749	3,296
Charge for the year	3,781	4,453
balance at 31 December	<b>11,529</b>	<b>7,749</b>
<b>Carrying Amount at 31 December</b>	<b>7,373</b>	<b>8,767</b>

## 15 Inventories

*Inventories comprise:*

	2020	2019
	₦000	₦000
Miscellaneous Current Assets (Distribution)	-	224,466
Operating/Distribution Material	25,396	51,647
Lubricants	29	127
General Stores	274,741	100,878
Stationeries	7,660	3,923
Provision for Obsolete & Slow-moving Items	(15,391)	(19,052)
	<b>292,434</b>	<b>361,988</b>

## 16 Trade & Other Receivables

	2020	2019
	₦000	₦000
A. Trade Receivables	31,125,950	24,496,993
Movement during the year	<u>7,662,552</u>	<u>10,087,396</u>
	38,788,503	34,584,389
Bad Debt written off	(3,902,278)	(3,458,439)
Allowance for Impairment	<u>(7,804,556)</u>	<u>(6,916,878)</u>
Net Trade Receivables	27,081,669	24,209,073
Other Receivables	65,604	43,241
	<b>27,147,272</b>	<b>24,252,313</b>

## B. Provision for Impairment for the year

Provision of 20% was made on Total Receivable Balance for the year ended 31 December, 2020. Additional Information about the Company's Exposure to Credit and Market risks, for Trade and Other Receivables is included in Note 27.

<b>17 Prepayments</b>	<b>2020</b>	<b>2019</b>
	<b>₱000</b>	<b>₱000</b>
Rent	2,794	-
Directors' emoluments	33,326	49,988
	<b>36,119</b>	<b>49,988</b>
<b>18 Cash &amp; Cash Equivalents</b>	<b>2020</b>	<b>2019</b>
	<b>₱000</b>	<b>₱000</b>
Bank Balances	973,654	813,826
Cash on Hand	79,203	68,408
	<b>1,052,858</b>	<b>882,234</b>
<b>19 Share Capital</b>	<b>2020</b>	<b>2019</b>
	<b>₱000</b>	<b>₱000</b>
<b>Authorized:</b>		
10,000,000 Ordinary Share of ₱0.50 Each were Issued & Fully Paid	5,000	5,000
<b>20 Trade &amp; Other Payables</b>	<b>2020</b>	<b>2019</b>
	<b>₱000</b>	<b>₱000</b>
Balance as at the beginning of the year	98,617,459	65,882,435
Movement during the year	30,092,367	32,902,320
Adjustment for Understatements	669,908	(167,296)
Trade Payables	129,379,735	98,617,459
Other Payables	119,701	84,029
Accruals	14,359	19,064
	129,513,795	98,720,552
Statutory Deductions	2,232,795	2,020,013
	<b>131,746,590</b>	<b>100,740,565</b>

The Company's exposure to Liquidity and Market risks, for Trade and Other Payables is included in note 27 (b) and (c).

<b>21 Deferred Income</b>	<b>2020</b>	<b>2019</b>
	<b>₦000</b>	<b>₦000</b>
Coll. from prepaid Customer (Note 7)	158,415	122,281

<b>22 Loans &amp; Borrowings</b>	<b>2020</b>	<b>2019</b>
	<b>₦000</b>	<b>₦000</b>
Long-term loan (NESI Stabilization)	202,832	241,149
CAPMI Payables (Note 23 (a))	54,674	58,065
	<b>257,506</b>	<b>299,214</b>

CAPMI Payables represent Net of collection from and refund to Customers in the defunct credited Advance payment for metering Implementation (CAPMI) scheme which the Company ceased to collect from Customers from 1st November, 2016 upon receipt of instruction from NERC.

<b>23 Federal Government Grant- Tangible Assets</b>	<b>2020</b>	<b>2019</b>
	<b>₦000</b>	<b>₦000</b>
Opening Balance	832,743	343,417
Addition during the year	-	489,326
	<b>832,743</b>	<b>832,743</b>

#### **24. Contingent Liabilities**

Nigerian Electricity Supply Industry, Stabilization Strategy Limited (NESI SSL) has entered into an agreement with Yola Electricity Distribution Company Plc on 10 December, 2020 for the Provision of loan facilities of a sum of N1,907,090,567.88 (One Billion, Nine Hundred and Seven Million, Ninety Thousand Five Hundred and Sixty- Seven Naira and Eighty-Eight Kobo) with a moratorium Period of Two (2) for the Provision of 30,000 Units of Meters to be deployed to the Electricity Consumers within Three (3) Months under the National Mass Metering Programme of the Federal Government of Nigeria.

#### **25. Events after the Reporting Period**

Subsequent to the Reporting Date, the sale of sixty percent (60%) Equity Interest to a new Core – investor, Quest Electricity Nigeria Limited was concluded culminating in the execution in July, 2021 of a Share Sale and Purchase Agreement with the Bureau of Public Enterprises on behalf of the Federal Government of Nigeria.

There were no Other Major Events after the reporting period except for the unreconciled PAYE Audit of N25 million with Adamawa State Internal Revenue Services (ASIRS).

## **26. Going Concern**

The Company reported a Loss after Tax of ₦27.5 Billion for the year ended 31 December, 2020 (2019: ₦28.6Billion). The Financial Position of the Company is expected to be markedly improved upon the additional capital injection on the heels of the concluded sale of sixty percent (60%) Equity Interest to a new Core-investor, Quest Electricity Nigeria Limited.

## **27. Trade and Other Receivables**

The Company has a large Customer base within its licensed area of supply thereby reducing its concentration of credit risk; the Company is continually increasing the share of prepaid Customer in its portfolio. The Company's exposure to credit risk is influenced by the Individual Characteristic of each Customer.

The Company recorded an Impairment Allowance Amounting to N6.9Billion and Bad debts of N3.5billion written off during the year, with respect to the outstanding Trade Receivables at the year end. The Impairment is required mainly to cater for the Losses that arise from the difficulties in enforcing Payments from certain classes of Customer due to certain geographical such as coverage and accessibility.

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 platform and outstanding balances will be recovered through the prepaid platform.
- Commitments from the Accountant General of the Federation and the Federal Ministry of Power, that Amounts due from government parastatals will be paid for through deductions in 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 postpaid Customer 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 Accountant General of the Federation and Honourable Minister of Finance in enforcing collection of Receivables from government agencies.
  - Aggressive Customer's disconnections.
  - Setting KPIs for Employees to drive debt collections.

## Analysis of Account Receivables

	Maximum Demand #000	Non-Maximum Demand #000	Total #000
<b>2020</b>			
Private Individual Companies	10,187,339	15,046,731	25,234,070
Government Institutions	5,421,773	8,132,660	13,554,433
<b>Total</b>	<b>15,609,112</b>	<b>23,413,669</b>	<b>38,788,503</b>
	Maximum Demand #000	Non-Maximum Demand #000	Total #000
<b>2019</b>			
Private Individual Companies	9,028,647	13,542,970	22,571,617
Government Institutions	4,805,109	7,207,663	12,012,772
<b>Total</b>	<b>13,833,756</b>	<b>20,750,634</b>	<b>34,584,389</b>

As at 31 December, the analysis of Trade Receivables that were not impaired was as follows:

	2020 #000	2019 #000
Past Due 0-30 days	1,020,452	917,654
Past Due 31-90 days	1,728,621	1,108,921
Past Due 91-181 days	1,300,753	2,049,158
Past Due 181-365 days	10,763,882	3,929,803
Past Due 1 - 2 years	5,269,656	11,381,345
Past Due 2 years and above	18,705,139	15,197,508
	<b>38,788,503</b>	<b>34,584,389</b>

The movement in the allowance for Impairment in respect of Trade Receivables during the year was as follows;

	2020 #000	2019 #000
Balance at 1 January	6,916,878	5,557,576
write off from Impairment allowance	887,678	1,359,302
<b>Balance at 31 December</b>	<b>7,804,556</b>	<b>6,916,878</b>

Management monitors the Company's Trade and Other Receivables for indicators of Impairment during the year, the Company wrote off N3.9 billion as Bad debt in 2020, (2019: N3.4Billion) in compliance with the Provision of IFRS 9 & 15.

The following are the Contractual maturities of Financial Liabilities, including Estimated Interest payment and excluding the impact of Netting agreements;

	<b>Contractual Cash flows</b>			
	<b>Carrying Amount</b>	<b>Total</b>	<b>0 - 3 Months</b>	<b>4 - 12 Months</b>
	<b>₦000</b>	<b>₦000</b>	<b>₦000</b>	<b>₦000</b>
Non-derivative Financial Liabilities 31 December, 2020				
Trade & Other Payables	129,513,795	129,513,795	38,854,138	90,659,656
Loans & Borrowings	257,506	257,506	103,002	154,504
	<b>129,771,301</b>	<b>129,771,301</b>	<b>38,957,141</b>	<b>90,814,160</b>

## 28. Risk Management

The Company's Board of Directors has overall responsibility for the Establishment and oversight of the Company's Enterprise Risk Management Framework. The Board of Directors are also responsible for developing and monitoring of the Company's risk Management policies.

The Company's risk Management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks 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 of Directors oversees how Management monitors compliance with the Company's risk Management policies and procedures, and reviews the adequacy of the risk Management Framework in relation to the risks faced by the Company. The Board of Directors is assisted in oversight role by Internal Audit. Internal Audit is expected to undertake regular and ad-hoc reviews of risk Management controls and procedures, the results of which are reported to the Board of Directors.

### Financial risk Management

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

- Credit risk
- Currency risk
- Market risk
- Liquidity risk

**a. Credit risk**

Credit risk is the risk of Financial Loss to the Company, if a Customer or counterparty to Financial instrument fails to meet its Contractual obligations, and 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 Asset represents the maximum credit exposure.

**b. Currency Risk**

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

**c. Market Risk**

Market Risk is the risk that changes in Market Prices, such as foreign exchange rates and Interest rate, will affect the Company's Income or the value of its holdings of financial instruments. The objective of Market risk Management is to manage and control Market risk exposures within acceptable parameters while optimizing the return.

**d. Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivery Cash or another 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 risking damage to the Company's reputation.

In order to manage liquidity risks and ensure that it has sufficient Cash to match outflows expected in the normal course of its Business, the Company is amongst others, intensifying efforts to recover Trade Receivables.

**29. Cash at bank**

The Company held Cash of ₦973, 654,460.88 with banks and Financial institutions operating in Nigeria as at 31<sup>st</sup> December, 2020 (31December, 2019 - N813,826,000).

**30. Basis of measurement**

These Financial Statements have been Prepared on the historical Cost basis except for certain of PPB (excluding capital work in progress) where measurement is by revaluation method, recognition of Assets granted by Customers which are initially recognized at Fair value and Financial instruments based on Fair value.

**New standards and interpretations not yet fully adopted**

A number of new standards, amendment to standards and interpretations are effective for annual periods beginning after 1 January 2020 and early application is

permitted. However, the Company has fully applied and complied with the new or amended standards in the Preparation of this set of Financial Statements.

### **Effective for the Financial Year commencing 1 January 2020**

- Full Compliance to IFRS 9 Financial instruments
- Full Compliance to IFRS 15 Revenue from contracts with Customer
- Finance ACT 2019 & 2020.

### **Effective for the Financial Year commencing 1 January 2020**

- IFRS 16 Lease

All standards and interpretations will be adopted at their effective date (except for those that are not applicable to the entity).

IFRS 10, IFRS 12 and IAS 28 amendment investment entities, Sales and Contribution of Assets between an investor and its associate or joint venture (Amendment to IFRS 10 and IAS 16 and IAS 41), Regulatory Deferral Accounts (IFRS 14) Accounting for Acquisitions of Interest in Joint Operation (Amendment to IAS 16 and IAS 38) are not applicable to the Business of the entity and will therefore have no impact on future Financial Statements. The Directors are of the Opinion that the impact of the remaining Standards and Interpretations will be as follows:

#### **IFRS 9 Financial instruments**

IFRS 9 (2009) introduces new requirements for the classification and measurement of Financial Assets. Under IFRS 9 (2009), Financial Assets are classified and measured based on the Business model in which they are held and the characteristics of their Contractual Cash flow. IFRS 9 (2010) introduces additions relating to Financial Liabilities. The IASB Currently has an active project to make limited amendments the classification and measurement requirement of IFRS 9 and new requirement to address the Impairment of Financial Assets and hedge accounting.

The effective date of IFRS 9 is 01 January, 2018 the Company has fully adopted the standard in the annual period beginning on or after the mandatory effective date. The impact of the adoption of IFRS 9 has been fully estimated by the Company and total compliance has been adopted in the Preparation of 2020 Financial Statements.

- **IFRS 15 Revenue from contracts with Customers**

These standards replace IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmers, IFRIC 15 Agreements for the construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transaction Involving Advertising Services.

The standard contains a single model that applied to contracts with Customers and two approaches to recognizing Revenue: at a point in time or over time. The model



features a contract-based five-step analysis of Transactions to determine whether, how much and when Revenue is recognized.

This new standard will most likely have a significant impact on the Company, which will include a possible change in the timing of when Revenue is recognized and the Amount of Revenue recognized.

The Company has carried-out an assessment to determine the impact of the initial application of IFRS on its Business and appropriate steps have been taken to mitigate the impact. Hence, the Company has adopted the standard for the year ending 31 December 2020.

• **IFRS 16 Leases**

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Lease – Incentive and SIC-27 Evaluating the Substance of Transactions Involving the Legal form of a Lease.

The standard set out the principles for the recognition, measurement, presentation and disclosure of Leases Transactions for both parties to a contract, i.e. the Customer ('lessor') and the Client ('Lessee'). IFRS 16 eliminates the classification of Leases as operating Lease or finance Leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

- (a) Assets and liabilities for all Leases with a term of more than 12 months, unless the underlying Asset is of low value; and
- (b) Depreciation of Lease Assets separately from Interest on Lease accounting requirements in IAS 17 Accordingly, a lessor continues to classify its Leases as operating Leases or finance Leases, and to account for those two types of Leases Differently.

**31. Fair Values**

**Fair Values versus Carrying Amounts**

The table below shows the classification of Financial Assets and Liabilities of the Company that are measured at Fair value. These Carrying Amounts shown are a reasonable approximation of the Fair value of the Financial Assets and Financial Liabilities.

	<b>Loans &amp; Receivables</b>	<b>Other Financial Liabilities</b>	<b>Total</b>
	<b>₹000</b>	<b>₹000</b>	<b>₹000</b>
<b>31-Dec-20</b>			
<b>Financial Assets not Measured at Fair Value</b>			
Trade and Other Receivables	27,147,272		27,147,272
Cash & Cash Equivalents	1,052,858	-	1,052,858
	<b>28,200,130</b>	<b>-</b>	<b>28,200,130</b>

### **Financial Assets not Measured at Fair Value**

Trade and Other Payables	-	129,513,795	129,513,795
Loans & Borrowings	-	257,506	257,506
Deferred Income on Government Grant	-	832,743	832,743
	-	<b>130,604,044</b>	<b>130,604,044</b>

### **32. Operating Leases**

#### **Leases as Lessee**

The Company Leases a number of Buildings under operating Leases. The Leases typically run for a period of 1 year with an option to renew the Leases after the date. Lease Payments are renegotiated when necessary to reflect Market rentals. Some of the Leases provide for Additional rent Payments that are based on changes in local price indices.

#### **Amounts Recognized in Profit or Loss on Lease/Rent**

Lease Expenses recognized in Profit or Loss during the year Amounted to ₦4.3Million (2019: ₦9Million). This is included in Administrative Expenses as Rent Expenses.

### **33. Accumulated Surplus/Deficit**

	N'000
Total Comprehensive Income or Loss for the year	(27,515,738)
Accumulated Surplus/Deficit B/F	<u>(73,998,570)</u>
	<b><u>(101,514,309)</u></b>

### **34. MINIMUM TAX COMPUTATION**

Year of Assessment	2021
Year of Account	2020
	<b>N'000</b>
	<b><u>42,729</u></b>

Yola Electricity Distribution Company Plc applied the Provisions Section 33 of the Finance Act (CITA) 2020 that mandates a minimum Tax Assessment where a Taxpayer does not have Taxable Profit which would generate Tax Liability when it is assessed to Tax or when the tax liability is less than the minimum tax. The Company's assessment based on the minimum Tax year legislation for the year ended 31 December, 2020 is N42.5 million and 2019 is ₦23.7million.

**35. MOVEMENT OF TAXATION DURING THE YEAR**

	#000
Balance brought forward	37,645
Current year (Minimum Tax) after Adjustment	<u>(11,509)</u>
	26,137
Less: Payment made during the year	<u>13,929</u>
	<u><b>12,208</b></u>

**36 OTHER RESERVES**

Other reserves

<u>2020</u>	<u>2019</u>
#000	#000
344,184	-

