Construction Work in Progress
The net book value at 30 June 2013 includes ₦21.4 million for group in respect of construction work in progress which are not being depreciated.

Additions and Disposals
Cash outflow for the purchases of Property, plants and equipment by the Group during the year was ₦89 million for group. Included in purchases are Aircraft (₦27.2 million), Motor vehicles (₦19.4 million), Furniture and Fittings and Office equipment (₦42.5 million). Vessels worth ₦3.4 billion were disposed during the year by the Group.

Interest cost
No interest cost was capitalized during the year.

Land and Building
The Company adopted as deemed cost the revaluation of Building carried out in 2007. In addition, the Land was amortized over its useful of 87 years of lease as at the date of acquisition.

Impairment of Property, Plant and Equipment
There was no indicator of impairment on the Property, Plant and Equipment.
Hence no asset was written down on the basis of impairment.

13. Intangible assets (The Group)

	₦'000
Cost	
At 1 January 2012	-
Additions	92,865
Disposals	-
At 31 December 2012	92,865
Additions	4,447
Disposals	-
At 30 June 2013	97,312
Amortisation	
At 1 January 2012	-
Charge for the year	11,608
At 31 December 2012	11,608
Charge for the year	12,164
At 30 June 2013	23,772
Net book value	
At 30 June 2013	73,540
At 31 December 2012	81,257
At 1 January 2012	-

Intangible asset relates to acquired accounting software and it is amortised over the useful life.

14. Business combination

a. Interest in subsidiaries
The summarised financial information of Caverton Helicopters Limited (CHL) and Caverton Marine Limited (CML) subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

Summarized statement of profit or loss

	Caverton Helicopters Limited		Caverton Marine Limited	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	₦'000	₦'000	₦'000	₦'000
Revenue	8,847,155	7,206,779	1,468,318	412,869
Operating expenses	(1,853,325)	(2,931,543)	(274,182)	(61,926)
Administrative expenses	(4,177,861)	(3,402,820)	(1,816,092)	(135,662)
Other operating income	959,180	84,269	662,761	284,063
Finance cost	(305,527)	(550,592)	(110,615)	(185,311)
Profit before tax	3,469,622	406,093	(69,810)	314,033
Income tax expense	(1,314,749)	(213,189)	(567,761)	(141,603)
Profit for the year	2,154,873	192,904	(637,571)	172,430
Total comprehensive income	2,154,873	192,904	(637,571)	172,430
Attributable to:				
Equity holders of parent	2,133,324	190,975	(631,195)	170,705
Non-controlling interests	21,549	1,929	(6,376)	1,725
	2,154,873	192,904	(637,571)	172,430

Summarized statement of financial position

	Caverton Helicopters Limited		Caverton Marine Limited	
	30 June 2013 ₦'000	31 December 2012 ₦'000	30 June 2013 ₦'000	31 December 2012 ₦'000
Inventories and cash and bank balances (current)	2,766,640	1,264,549	76,484	5,724
Trade and other receivables, Due from related parties and Prepayments	15,010,853	15,035,397	5,393,028	4,730,032
Property, plant and equipment and other non-current financial assets (non-current)	9,061,248	9,601,617	523,230	1,962,240
Trade and other payables (current)	(5,741,473)	(6,427,316)	(3,215,108)	(4,143,895)
Deferred revenue	-	(96,208)	-	-
Income tax payable	(959,319)	(400,624)	(587,301)	(381,235)
Interest-bearing loans and borrowing (Current)	(4,312,095)	(1,524,987)	(428,777)	(1,017,397)
Interest-bearing loans and borrowing and deferred tax liabilities (non-current)	(10,971,256)	(14,752,703)	(1,405,266)	(747,657)
Total equity	4,854,598	2,699,725	356,290	407,812
Attributable to:				
Equity holders of parent	4,806,052	2,672,728	352,727	403,734
Non-controlling interests	48,546	26,997	3,563	4,078

Summarized cash flow information

	Caverton Helicopters Limited		Caverton Marine Limited	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	₦'000	₦'000	₦'000	₦'000
Operating	12,254,557	5,691,385	(1,542,753)	1,157,871
Investing	(8,201,959)	(1,729,427)	-	(4,459)
Financing	302,038	560,910	(403,322)	(1,443,937)
Net increase/(decrease in cash and cash equivalents	4,354,636	4,522,868	(1,946,075)	(290,525)

a. Goodwill

Goodwill acquired through business combinations has been allocated to two CGUs for impairment testing as follows:

Carrying amount of goodwill allocated to each of the CGUs:

	At December 2012	At 1 January 2012	
	₦'000	₦'000	
Helicopter Services			3,885,972
3,885,972			
Marine service	2,140,937	2,140,937	
	6,026,909	6,026,909	

Helicopter CGU

The recoverable amount of this Cash Generating Unit was based on its value in use and was determined by discounting the future cash flow projections from the financial budgets approved by senior management covering a 5 year period. There were no impairment indicators as at 30 June 2013, hence, no impairment test was carried out on the CGU. Unless indicated, the value in use in December 2012 was determined in similar way as 1 January 2012. The calculation of value in use was based on the following key assumptions:

Cash flow was projected based on past experience, actual operating results and a 5- year operating cash flow.

Revenue growth rate

The revenue growth rate was based on 30% (2012), 58% (2013), **56% (**2014), 10%

(2015) and 10% (2016). The anticipated annual revenue growth included in the cash flow projections for the years 2012-2016 has been based on growth rate in the three years prior to 2011 with an expectation of a recovery in the economy at the end of 2012.

Pre-tax discount rate
The pre-tax discount rate of 18% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on past experience and industry weighted average cost of capital which was based on the incremental borrowing rate.

Gross margin
The Gross margin was projected as 38% in 2012, 42% in 2013 and 44% in 2014 **46% (**2015), 49% (2016).

As a result of this analysis, there was no impairment charged for Helicopter CGU as at 1 January 2012 and 31 December 2012.

Marine CGU
The recoverable amount of this Cash Generating Unit was based on its value in use and was determined by discounting the future cash flow projections from the financial budgets approved by senior management covering a 5 year period. Unless indicated the value in use in December 2012 was determined in similar way as 1 January 2012. The calculation of value in use was based on the following key assumptions:

Cash flow was projected based on past experience, actual operating results and a 5- year operating cash flow.

Revenue growth rate
The revenue growth rate was based on 35%(2012), 28%(2013), 20%(2014), 2%(2015) and 1%(2016). The anticipated annual revenue growth included in the cash flow projections for the years 2012-2016 has been based on growth rate in the three years prior to 2011 with an expectation of a recovery in the economy at the end of 2012.

Pre-tax discount rate
The pre-tax discount rate of 18% was applied in determining the recoverable amount of the unit. The discount rate was estimated based on past experience and industry weighted average cost of capital which was based on the incremental borrowing rate.

Gross Margins
The Gross margin was projected as 58% in 2012, 60% in 2013, and 60% in 2014 **55%(**2015), 46%(2016)

A result of this analysis, there was no impairment charged for Marine CGU as at 1 January 2012 and 31 December 2012.

15. Inventories

	The Group		The Company	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	₦'000	₦'000	₦'000	₦'000

Consumable spares	740,356	38,455	-	-
Rotary spares	134,129	134,129	-	-
Shell Project AW 139	1,085,689	328,206	-	-
Jet A1 Aviation fuel Lagos	6,656	11,814	-	-
Jet A1 Aviation fuel Sahara	30,397	29,484	-	-
	1,997,227	542,088	-	-

Inventories are carries at the lower of cost and net realisable value. There were no write-downs of inventory during the period and all inventory balances are current in nature. Inventory balances will be turned over within 12 months after the financial year.

16. Trade receivables and Other receivables

	The Group		The Company	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	₦'000	₦'000	₦'000	₦'000
Trade receivables	4,186,594	1,235,307	-	-
Withholding Tax Receivable	1,634,621	794,784	-	-
Staff advances	32,394	1,286,036	-	-
Advance payments	5,629,491	4,488	-	-
Dividend receivable	-	-	318,298	-
Other receivables	630,078	8,053,820	-	-
	12,113,178	11,374,435	318,298	-

Trade receivables are non-interest bearing and are generally on terms of cash basis and 30-60 days credit collection period. None of the receivables are considered to be impaired.
As at 30 June, the ageing analysis of trade receivables is as follows:

		Neither	Past due but not impaired		
	Total	past due nor impaired	Less than 30 days	30 – 60 days	60 – 90 days
	₦'000	₦'000	₦'000	₦'000	₦'000
30 June 2013	4,186,594	902,036	2,561,010	723,399	149

31 December 2012	1,235,307	-	1,061,238	174,069	-

17. Related Companies

	The Group		The Company	
	30 June 2013 ₦'000	31 Dec 2012 ₦'000	30 June 2013 ₦'000	31 Dec 2012 ₦'000
Caverton Properties	63,439	63,439	-	-
C. Cylinders	33,278	33,278	-	-
Growmore Dev Ventures Ltd	387,108	387,108	-	-
LE Global Oilfield Services	4,231,919	3,849,943	-	-
Caverton Integrated Services	769	769	-	-
Liam Engineering	332,896	332,796	-	-
Reager Energy	1,742,340	1,722,340	-	-
Chairman's account		188,326		
Caverton Helicopters			930,803	2,972,649
Caverton Marine			1,750,871	2,194,609
Caverton RK Limited	1,359	1,359	-	-
Tasmania Investment Limited	550,823	498,502	-	-
			-	-
Due from Related Companies	7,343,931	7,077,860	2,681,674	5,167,258

Chairman's account	2,779,438	674,101	2,256,872	365,738
Caverton Helicopters	27,627	27,967	-	-

Cameroon				
Growmore - Associate	1,069	6,058	-	-
Due to Related Companies	2,808,134	708,126	2,256,872	365,738

For disclosures on related parties refer to **note 24.**

18. Prepayments

	The Group		The Company	
	30 June 2013 ₦'000	31 Dec 2012 ₦'000	30 June 2013 ₦'000	31 Dec 2012 ₦'000
Rent prepaid	57,864	48,060	-	-
Insurance prepaid	25,418	8,977	-	-
	83,282	57,037	-	-

19. Cash and bank balance

Cash and bank balances in the statement of financial position comprise cash at banks and on hand and short term deposits with a maturity of three months or less.

	The Group		The Company	
	30 June 2013 ₦'000	31 Dec 2012 ₦'000	30 June 2013 ₦'000	31 Dec 2012 ₦'000
	-	-	-	-
Cash and bank balances	865,985	773,595	20,089	45,609

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates.

19b. Cash and cash equivalent

For the purpose of statement of cash flows, cash and cash equivalents consist of cash and bank balances as defined above, net of outstanding bank overdrafts as at 31 December:

	The Group		The Company	
	30 June 2013 ₦'000	31 Dec 2012 ₦'000	30 June 2013 ₦'000	31 Dec 2012 ₦'000
Cash and bank balance (note 19)	865,985	773,595	20,089	45,609
Bank overdraft	(453,400)	(4,567,938)	(75)	(4,500,000)

(note 21)

	412,585	(3,794,343)	20,014	(4,454,391)

Statement of cash flow

	The Group		The Company	
	30 June 2013 ₦'000	30 June 2012 ₦'000	30 June 2013 ₦'000	30 June 2012 ₦'000
Cash and bank balance (note 19)	865,985	1,360,516	20,089	5,611
Bank overdraft (note 21)	(453,400)	(2,341,724)	(75)	(1,381)
	412,585	(981,208)	20,014	4,230

20. Ordinary share capital

	The Group		The Company	
	30 June 2013 ₦'000	31 Dec 2012 ₦'000	30 June 2013 ₦'000	31 Dec 2012 ₦'000
Authorised shares				
5,000,000 ordinary shares of 50k each	2,500,000	2,500,000	2,500,000	2,500,000
Issued and fully paid				
3,350,509,750 ordinary shares of 50k each	1,675,255	1,675,255	1,675,255	1,675,255
Share premium	6,616,991	6,616,991	6,616,991	6,616,991

21. Interest bearing loans & Borrowings

	The Group		The Company	
	30 June 2013 ₦'000	31 Dec 2012 ₦'000	30 June 2013 ₦'000	31 Dec 2012 ₦'000
Non-current			-	-

Zenith bank loan	-	573,588	-	-
Access bank term loan	-	977,142	-	-
Term Loan - AMCON	-	617,009	-	-
CDL Asset Management	932,109	1,734,117	-	-
	932,109	3,901,856	-	-
Current				
Bank overdrafts	453,400	4,567,938	75	4,500,000
Other current loans				
Tasmania Investment loan NGN	148,081	-	-	-
Tasmania Investment loan USD	66,972	178,656	-	-
Tasmania Investment Ltd - Others	12,000	108,113	-	-
Term Loan - Nexim USD3.5million	354,126	354,126	-	-
Term Loan Sterling Bank-₦154.853M	55,533	67,120	-	-
Term Loan Access Bank - Viking Air Ltd	977,143	-	-	-
Access Bank Plc (Heliport) NGN 005 9302 348	180,000	-	-	-
Access Bank Plc - NGN - 0003382684	97,044	-	-	-
Term Loan CDL	1,020,370	585,460	-	-
Current Account -CDL	372,521	901,470	-	-
N50m Mainstreet Bank Term Loan BOI	-	20,833	-	-
N776m Mainstreet Bank Term Loan BOI	511,670	258,666	-	-
Term Loan Zenith / BOI - N825m	492,087	-	-	-
CDL Asset Management limited	-	585,460	-	-
Term Loan Zenith / BOI - N220m	-	-	-	-
	4,740,947	7,042,382	75	4,500,000
Total	5,673,056	10,944,238	75	4,500,000

21b. Non-Current Interest bearing loans & Borrowings

	The Group		The Company	
	30 June 2013 ₦'000	31 Dec 2012 ₦'000	30 June 2013 ₦'000	31 Dec 2012 ₦'000
Balance,	3,901,856	2,927,588		

beginning of the year			-	-
Additions in the year	1,271,840	8,922,522	-	-
Repayment in the year	-	(2,792,008)	-	-
	5,173,696	9,058,102	-	-
Reclassified to Current interest bearing loans and borrowings	(4,241,587)	(5,156,246)	-	-
	932,109	3,901,856	-	-

21c. Current Interest bearing loans & Borrowings

	The Group		The Company	
	30 June 2013 ₦'000	31 Dec 2012 ₦'000	30 June 2013 ₦'000	31 Dec 2012 ₦'000
Balance, beginning of the year	7,042,382	9,998,843	4,500,000	-
Additions in the year:			75	
Bank overdraft	75	4,500,000		4,500,000
Interest bearing loans				
Repayment in the year:				
Bank overdraft				
Interest	(4,114,675)		(4,500,000)	
bearing loans	(2,428,422)			
Repayment in the year		(12,612,707)		-
	499,360	1,886,136	75	4,500,000
Reclassified from Non Current interest bearing loans and borrowings	4,241,587	5,156,246	-	-
	4,740,947	7,042,382	75	4,500,000

Interest bearing loans and borrowings reclassified from Non-Current to Current relate to loans from Tasmania investment that are payable on demand and; loans obtained from CDL and Mainstreet Bank that have become due but unpaid as at the reporting date.

AMCOM

The restructured loan of N4,5 billion was paid up during the period. The Group exercised the cash option under the restructuring and liquidates the loan in January 2013.

AMCON loan

This represents restructuring of various facilities that were extended to Caverton Group and its subsidiaries by Keystone bank which were subsequently transferred to AMCON. The outstanding balance of N5,680,532,072.86 was restructured to N4,500,000,000.00 as at 31 December 2012. The tenor of the loan is 9 years at the interest rate of 15% per annum.

The Security on this is:

Legal mortgage over property located at house 1 Road 34, VGC, Lekki peninsula, Lagos and property at Plot 2A, Block 11, Idanre Close, Osborne Foreshore Estate, ikoyi.

Zenith Bank loan

Medium term loan of N1,500,000,000 obtained to refinance existing loan obligations The Pricing of the Loan include:

a) Interest rate: 7% per annum. This rate is subject to upward and downward review in compliance with CBN guideline on refinancing facility to the manufacturing sector.
b) Advisory fee: 1% flat, payable upfront upon acceptance of offer.

The repayment term of the loan involves Twenty (20) quarterly repayments of interest and principal (however, monthly deductions from revenue will be transferred to Debt Service Reserve Account (DSRA) towards repayment.

The Securities on the loans are:

a) Legal Mortgage on property situate at Plot 252B, Victoria Island Annex, Lagos.
b) Legal Mortgage on a property situate at Plots B, BA, C, CA, F, FA (Stretch of Water Front Land) Ozumba Mbadiwe, Victoria Island, Lagos.
c) Legal Mortgage on a property situate at 2A , Block 11 Units 3, Federal Government layout, Ikoyi, Lagos (Legal Mortgage being perfected)
d) Irrevocable domiciliation of payment to Zenith by Major Oil Companies.
e) Debenture over assets of the company situate at Airport Hanger at MMIA, Lagos stamped for N30 million.

CDL Asset Management Limited loan

This relates to term loan of N1,600,000,000 that will bring the approved facility to N2,200,000,000. The loan is meant to upgrade the facilities of the Company to enable it undertake the contract obtained from Shell Petroleum Development Company (SPDC). The loan has an original tenor of 36 months and an interest rate of 22% per annum shall apply on the loan subject to changes in line with money market conditions.

Securities on the loan include:

a) Mortgage on Company’s Hangar located at Nigeria Air Force Base, Rivers State, Port harcout.
b) Domiciliation of receivables from contracts executed on behalf of Total Nigeria plc.

c) Unconditional personal Guarantee of the Directors – Mr. Remi Makanjuola, Chairman, Mr Niyi Makanjuola, MD/CEO and Mr Sola Falola, Group Finance Director.

21d. Other non financial liabilities

	The Group		The Company	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	₦'000	₦'000	₦'000	₦'000
SHELL Advance Payment for AW139	10,049,780	11,321,620	-	-

	The Group		The Company	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	₦'000	₦'000	₦'000	₦'000
Balance, beginning of the year	11,321,620	8,751,339	-	-
Movement in the year	(1,271,840)	2,570,281	-	-
	10,049,780	11,321,620	-	-

Loan contracts and terms

SHELL Advance Payment for AW139
Caverton Helicopters Limited obtained advance from Shell Petroleum in order to purchase an Aircraft (model: Augusta Westland). The repayment of the advance is done by offsetting the equivalent of the amount to be paid by Shell petroleum when Caverton Helicopters Limited renders aircraft services. No interest is charged on the advance and the tenor is for 60 months ending July 2017, which coincides with the end of the contract. Caverton Helicopters Limited recognizes the Aircraft in its books as part of its property, plant and equipment.

22. Trade and other payables

	The Group		The Company	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	₦'000	₦'000	₦'000	₦'000

Trade payables	3,490,947	1,687,454	-	-
Other payables	712,304	1,816,283	29,083	29,583
VAT Output	215,875	175,516	-	-
Withholding Tax Payable	151,817	155,800	-	-
	4,570,943	3,835,053	29,083	29,583

Terms and conditions of the above financial liabilities:
a. Trade and other payables are non-interest bearing and are normally settled on 90-day terms.
b. Other payables are non-interest bearing and have an average term of 3-6months
c. VAT output and Input are offset for tax purposes as permitted by the relevant tax laws.

23. Deferred revenue

	The Group		The Company	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	₦'000	₦'000	₦'000	₦'000
Advance Billing - NLNG	-	73,356	-	-
Advance Billing - Other Clients	-	22,853	-	-
	-	96,208	-	-

The deferred revenue represents advance payments from Nigeria Liquefied Natural Gas Limited and other customers for which related services have not been fully delivered by the Group.

24. Related Parties

The financial statements include the proportion of equity of major shareholders as follow:

	No. of Shares	% of Capital
Foreign	4,140,000	0.12%
Corporate	2,658,509,025	79.35%
Various individual shareholders	687,860,725	20.53%
Total	3,350,509,750	100%

Subsidiaries: The Group has a 99% interest in both Caverton Helicopters Limited and Caverton Marine Limited (31 December 2012: 99%).

The Group entered into the following transactions with the under listed related parties during the year:

Related party	Nature of transaction	Balance receivable/ (payable)	Balance receivable/ (payable)

		30 June 2013 ₦'000	31 Dec 2012 ₦'000
Caverton Properties Relationship: The Group Chairman as a key management personnel	Advance to Caverton properties	63,439	63,439
C. Cylinders Relationship: The Group Chairman as a key management personnel	Advance to C. Cylinders	33,278	33,278
Growmore Dev Ventures Limited Relationship: The Group Chairman as a key management personnel	Advance to Growmore Development Ventures Limited for payment of Staff salaries	386,039	381,050
Balance carried forward		**482,756**	**477,767**
Balance brought forward		**482,756**	**477,767**
LE Global Oilfield Services Relationship: The Group Chairman as a key management personnel	Advance to LE Global Oilfield Services	4,231,919	3,849,943
Caverton Integrated Services Relationship: The Group Chairman as a key management personnel	Payment of expenses for CIS Incorporation	769	769
Liam Engineering Relationship: The Group Chairman as a key management personnel	Advance payment by Caverton Marine to Liam Engineering	332,896	332,796
Reager Energy Relationship: The Group Chairman as	Advance to Reager Energy	1,742,340	1,722,340

a key management personnel		(2,779,438)	(485,775)
Chairman's account Relationship: Director	Refund of advance to Chairman		
Caverton RK Limited Relationship: The Group Chairman as a key management personnel	Payment of expenses for CVRK Incorporation	1,359	1,359
Tasmania Investment Limited Relationship: The Group Chairman as a key management personnel	Advance from Caverton Marine Limited to Tasmania Investment	550,823	498,502
Caverton Helicopters Cameroon Relationship: The Group Chairman as a key management personnel	Purchase of Server from Caverton Cameroon	(27,627)	(27,967)
TOTAL:		4,535,797	6,369,734

Terms and conditions of transactions with related parties
The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the period end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 30 June 2013, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

Compensation to key management staff
Short term compensation

	30 Jun 2013 ₦'000	31 Dec 2012 ₦'000
Fees	17,000	19,000
Remuneration	55,890	141,813
	72,890	160,813

	30 Jun 2013	31 Dec 2012

	₦'000	₦'000
The Chairman	21,779	50,650
Other Directors	51,111	110,163
Chairman emoluments	72,890	160,813

Long term compensation to key management
The Company has no long term compensation for his key management personnel.

25. Capital commitments:
The company currently has no capital commitment as at 30 June 2013 (2012: nil)

26. Contingent liabilities
The company currently has no contingent liabilities as at 30 June 2013 (2012: Nil).

27. Financial risk management objectives and policies

(a) Financial risk
The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.
Risk management is carried out by the Finance management committee under policies approved by the board of directors. Group treasury identifies, evaluates and manages financial risks in collaboration with the Group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk and investment of excess liquidity.

(i) Foreign exchange risk
Management has set up a policy requiring the Group to manage their foreign exchange risk against their functional currency. The Group Company is required to manage its entire foreign exchange risk exposure with the Group finance. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, companies in the Group ensure that significant transaction are contracted in the Group's functional currency. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the company's functional currency. However, the Group is currently not exposed to significant foreign exchange risk as most of its transactions are denominated in its functional currency, which is naira.

(ii) Price risk
The Group is not exposed to significant price risk.
(iii) Interest rate risk
The Group's interest rate risk arises from borrowings. A borrowing issued at fixed rates has no significant exposure to the Group. The Group policy is to maintain approximately 100% of its borrowings in fixed rate instruments to minimise variability impact of performance. During 2013 and 2012, the Group's borrowings at fixed rate were denominated in the functional currency of the

Group. In any case, interest risk can largely be managed by the flexibility of adjustment of rates on loans on the basis of the Group's ability to refinance existing loans.

(b) Credit risk

Credit risk is managed on Group basis, except for credit risk relating to accounts receivable balances. Each company is responsible for managing and analysing the credit risk for both existing and new clients before standard payment and delivery terms and conditions are offered.
Credit risk arises from cash and cash equivalents, and short term deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The Group assesses the credit quality of the customers, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored to ensure debts are easily collected.

The Group places premium on maintaining credit limits to ensure that there is little or no losses from non-performance by those counterparties. This explains why no impairment loss has not been recognized as all receivable outstanding are collectable with the given credit limits.

(c) Liquidity risk

Cash flow forecasting is performed in the operating companies of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient funds on a regular basis so that the Group does not breach borrowing covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements for example, currency restrictions. Surplus cash held by the operating Companies over and above balance required for working capital management are transferred to the Group treasury. Group treasury invests surplus cash in interest bearing current accounts, short term deposits, and other similar security. The entity's cash and cash equivalents and receivables are all redeemable between 0 and 90 days.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	Carrying amount	Contractual cash flows	On demand	Less than 3 months	3 to 12 months
	₦'000	₦'000	₦'000	₦'000	₦'000
30-Jun-13					

Interest bearing loans and borrowings	5,673,056	5,682,056	427,316	447,910	3,865,721	
Trade and other payables	4,570,943	4,570,943	1,371,283	2,514,019	685,640	
Due to related parties	2,808,134	2,808,134	2,808,134	-	-	
31-Dec-12						
Interest bearing loans and borrowings	10,944,238	11,233,647	951,391	185,037	5,905,954	3,
Trade and other payables	3,835,053	3,835,053	1,156,444	2,104,622	573,987	
Due to related parties	708,126	708,126	708,126	-	-	

(d) Fair values

Set out below is a comparison by class of the carrying amounts and fair values of the Group's financial instruments that are carried in the financial statements.

	The Group			The Group
	Carrying values		Fair Values	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Trade and other receivables	12,113,178	11,374,435	12,113,178	11,374,435
Due from related parties	7,343,931	7,077,860	7,343,931	6,889,534
Cash and bank	865,985	773,795	865,985	773,795
Total	**20,323,094**	**19,226,090**	**20,323,094**	**19,226,090**
Financial liabilities				
Interest-bearing loans and borrowings	5,673,056	10,944,238	15,731,836	22,555,267
Trade and other payables	4,570,943	3,835,053	4,570,943	3,835,053
Due to related parties	2,808,134	708,126	2,808,134	708,126
Total	**13,052,133**	**15,487,417**	**23,110,913**	**27,098,446**

	The Company		The Company	
	Carrying values		Fair Values	
	30 June 2013	31 Dec 2012	30 June 2013	31 Dec 2012
	₦'000	₦'000	₦'000	₦'000
Financial assets				
Trade and other receivables	318,298	-	318,298	-
Due from related parties	2,681,674	5,167,258	2,681,674	5,167,258
Cash and bank	20,089	45,609	20,089	45,609
Total	**3,020,061**	**5,212,867**	**3,020,061**	**5,212,867**
Financial liabilities				
Interest-bearing loans and borrowings	75	4,500,000	75	4,500,000
Trade and other payables	29,083	29,583	29,083	29,583
Due to related parties	2,256,872	365,738	2,256,872	365,738
Total	**2,286,030**	**4,895,321**	**2,286,030**	**4,895,321**

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

- Long-term fixed-rate borrowings are evaluated by the Group based on parameters such as interest rates, individual creditworthiness of the customer and the risk characteristics of the financed project. The fair value of the loans and borrowing are determined based on the market related rate at the reporting date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data
As at 30 June 2013 (2012), the Group's financial instruments carried on the statement of financial position are measured at amortized cost as such, level 2 has been used for their fair value measurement..
Refer to measurement basis of the Groups' financial instruments disclosed in note 27.2.

27.2. Financial Instrument by measurement basis

The table below show financial instruments by their measurement bases. The values at year end approximate the fair values of the respective financial instruments except for trade and other receivables and payables which are stated at their nominal values.

30 June 2013 **Nature of instrument**	Available for sale ₦'000	Amortised cost ₦'000	Carrying value ₦'000
Trade & other receivables	-	12,113,178	12,113,178
Due from related parties	-	7,343,931	7,343,931
Cash & cash equivalents	-	865,985	865,985
Total financial assets	-	20,323,094	20,323,094
Trade & Other payables	-	4,570,943	4,570,943
Interest bearing loans & borrowings	-	5,673,056	5,673,056
Due to related parties	-	2,808,134	2,808,134
Total financial liabilities	-	13,052,133	13,052,133

30 December 2012 Nature of instrument	Available for sale ₦'000	Amortised cost ₦'000	Carrying value ₦'000
Trade & other receivables	-	11,374,435	11,374,435
Due from related parties	-	7,077,860	7,077,860
Cash & cash equivalents	-	773,795	773,795
Total financial assets	-	19,226,090	19,226,090
Trade & Other payables	-	3,835,053	3,835,053
Interest bearing loans & borrowings	-	10,944,238	10,944,238
Due to related parties	-	708,126	708,126
Total financial liabilities	-	15,487,417	15,487,417

28. Capital management

Capital includes convertible preference shares and equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2013 and 31 December 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio between 60% and 70%. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations if any.

	30 June 2013	31 Dec 2012
Interest-bearing loans and borrowings (Note 21)	5,673,056	10,944,238
Trade and other payables (Note 22)	4,570,943	3,835,053
Less: cash and bank (Note 19)	(865,985)	(773,795)
Net debt	9,378,014	14,005,496
Equity	11,616,391	9,823,060
Total Capital	11,616,391	9,823,060
Capital and net debt	20,994,405	23,828,556
Gearing ratio	30%	40%

29. Information relating to Employees

The average number of persons employed by the Group during the financial year was as follows:

	The Group		The Company	
	30 June 2013 Number	31 Dec 2012 Number	30 June 2013 Number	31 Dec 2012
Finance and administration	260	248	-	-
Operations	178	142	-	-
Engineering	248	220	-	-
	686	610	-	-

30. Events after the reporting period

No event or transaction has occurred since the balance sheet date which would have a material effect upon these financial statements at that date or which would need to be mentioned in the financial statements in order to make them not misleading.