

**REPORT OF THE AUDITORS TO THE BOARD OF
 NIGERIAN ELECTRICITY REGULATORY COMMISSION**

Auditors' Responsibility

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 risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Commissioners, as well as evaluating the overall presentation of the financial statements.

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

We have audited the accompanying financial statements of National Electricity Regulatory Commission as at 31st December, 2011, set out on pages 7 to 15 which have been prepared on the basis of significant accounting policies thereon.

Commissioners' Responsibility for the Financial Statements

The Commissioners are responsible for the preparation and fair presentation of these financial statements in accordance with Electric Power Sector Reform Act, 2005, statements issued by the Nigerian Accounting Standards Board. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

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

Opinion

In our opinion, the Commission has kept proper accounting records and the financial statements are in agreement with the records in all material respects and give in the prescribed manner, information required by the Electric Power Sector Reform Act, 2005. The financial statements give a true and fair view of the financial position of National Electricity Regulatory Commission as at 31st December 2011, and of its financial performance and its cash flows for the year then ended in accordance with the Statement of Accounting Standards issued by the Nigerian Accounting Standards Board and relevant extant circulars.

Report on Legal Requirements

The Electric Power Sector Reform Act 2005 requires that in carrying out our audit we consider and report to you the following matters. We confirm that;

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Commission; and
- iii. The Commission's balance sheet and income and expenditure account are in agreement with the books



[Handwritten Signature]
 CHARTERED ACCOUNTANTS