

Yola Electricity Distribution Plc

Annual Report

31 December 2024

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Corporate Information

Registration number: RC. 638618

Directors:

Mr. Omatseyin Ayida
Mr. Abdulrahman Isa
Mr. Ayodeji Ariyo Gbeleyi
Mr. Awwal Manga
Mr. Siraj Abdullahi
Mr. Simbabi Ogbeha
Mr. Boubacar Seybou
Hajiya Rabi Yahaya Ahmed

Chairman
Managing Director
Director
Director
Director
Director
Director
Director

Registered office and principal address:

2, Atiku Abubakar Road
Jimeta
Yola
Adamawa State

Company secretary:

Saleh Dangana
SCN 018391
No. 6, Yedseram Street
Off IBB Way, Maitama
FCT, Abuja
Nigeria

Independent auditor:

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island, Lagos
Nigeria

Bankers:

Access Bank Plc
Fidelity Bank Plc
First Bank Plc
Guaranty Trust Bank Plc
Polaris Bank Plc
Sterling Bank Plc
United Bank of Africa Plc
Union Bank Plc
Unity Bank Plc
Zenith Bank Plc

Main Company Solicitor:

TRLP Law Solicitors

Tax Identification Number:

17778721-0001

FRC Number:

Company
Mr. Omatseyin Ayida
Mr. Abdulrahman Isa
Mr. Ayodeji Ariyo Gbeleyi
Mr. Saleh Dangana
Mr. Mathias Nuhu

FRC/2025/COY/708622
FRC/2023/PRO/DIR/003/581399
FRC/2024/PRO/COREN/004/369928
FRC/2015/ICAN/00000012331
FRC/2023/PRO/NBA/002/245434
FRC/2023/PRO/ICAN/007/229496

Financial highlights

REVENUE

(millions of Naira)



■ 2024 ■ 2023

OPERATING (LOSS)/PROFIT

(millions of Naira)



■ 2024 ■ 2023

Adjusted EBITDA

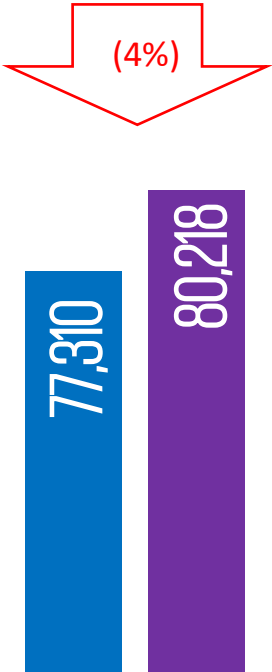
(millions of Naira)



■ 2024 ■ 2023

TOTAL ASSETS

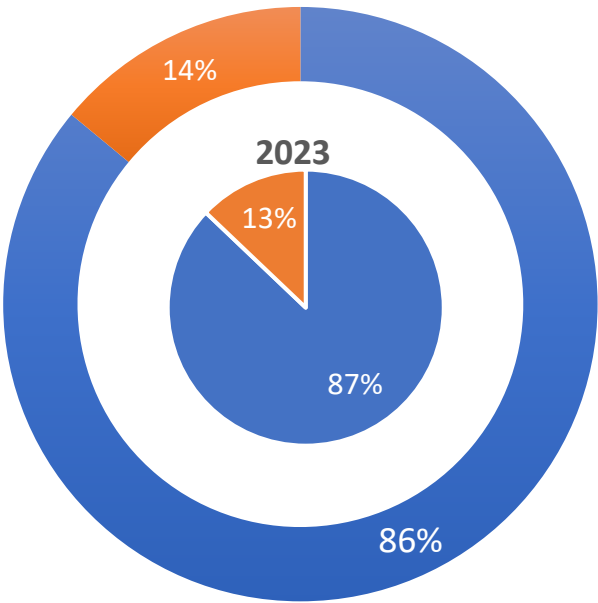
(millions of Naira)



■ 2024 ■ 2023

REVENUE BY TYPE OF COUNTERPARTY

2024



■ Postpaid customers ■ Prepaid customers

Directors' Report**For the year ended 31 December 2024**

The directors present their report on the affairs of Yola Electricity Distribution Plc ("the Company"), together with the financial statements and auditor's report for the year ended 31 December 2024.

Legal form and background of the Company

Yola Electricity Distribution Plc ("the Company" or "YEDC") was incorporated in Nigeria on 07 November 2005 as a public liability company to take over electricity distribution activities and related business of the Power Holding Company of Nigeria ("PHCN") within Adamawa, Borno, Taraba and Yobe states.

As part of the Federal Government of Nigeria's ("FGN's") initiative to transform the power sector, the Nigerian Electricity Regulatory Commission (NERC) was established in October 2005 as required under the Electric Power Sector Reform Act (EPSRA) 2005. NERC is Nigeria's independent regulatory agency for the Nigerian electricity industry comprising generation, transmission and distribution sectors and regulates the activities of the Company.

In 2013, the FGN completed its planned privatisation of the electricity sector effectively handing over 5 generation and 11 distribution companies to new owners under various share sale agreements. As a result of this, 60% equity interest in the Company was acquired by Integrated Energy Distribution and Marketing Company, ("IEDMC"). After two years of operating the Company, IEDMC declared a force majeure and the Company was handed over to FGN in 2015 under the control of the Bureau of Public Enterprises ("BPE"). From 2015 to 2021, the Company was under the control of BPE until it was reprivatized in 2022.

On 01 January 2022, Quest Electricity Nigeria Limited ("QENL") acquired 60% equity interest in the Company following the execution of a Performance Agreement, a Share-Sale and Purchase Agreement, and a Shareholders Agreement between BPE, the Company, and QENL. As a result of the acquisition by QENL, a newly constituted Board and Management took over the reins of the Company.

Principal Activity

The principal activity of the Company is the distribution of electricity to its customers within its licensed franchise areas.

Operating results and dividend

The summary of the operating results for the Company is as follows:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Revenue*	31,319,022	38,422,501
Loss before income tax	(5,250,385)	(1,585,810)
Income tax credit	1,297,877	425,614
Loss for the year	(3,952,508)	(1,160,196)
Total comprehensive loss for the year	(3,952,508)	(1,160,196)

*Revenue for the year declined by 18% compared to the prior year, primarily due to disruptions in energy supply. In April 2024, the vandalism of a key TCN-owned asset in a major supply zone led to power outages that persisted until June 2024. Additionally, flooding in Maiduguri in September 2024 further impaired energy distribution. These events significantly reduced energy availability, resulting in a decline in energy taken from the grid — from 935,954 MWh in 2023 to 655,475 MWh in 2024.

The Company also continued to experience commercial losses due to insufficient metering. A substantial portion of billings to unmetered customers, amounting to NGN 7.68 billion (2023: NGN 9.68), was not recognised as revenue, as the requirements of IFRS 15 — particularly the high probability of collection — were not met.

Adjusted earnings before interest, tax, depreciation and amortization (adjusted EBITDA)

The directors have presented the performance measure adjusted EBITDA because they monitor this performance measure and they believe that this measure is relevant to an understanding of the Company's financial performance. Adjusted EBITDA is calculated by adjusting profit for the year to exclude the impact of taxation, net finance costs, depreciation and amortisation.

Reconciliation of adjusted EBITDA to loss for the year

	2024	2023
	N'000	N'000
Loss for the year	(3,952,508)	(1,160,196)
Income tax credit	(1,297,877)	(425,614)
Loss before tax credit	(5,250,385)	(1,585,810)
Adjustments for:		
- Net finance costs	3,766,009	3,274,660
- Depreciation	4,690,348	4,420,643
- Amortisation	85,676	81,910
Adjusted EBITDA	3,291,648	6,191,403

Dividend

The directors have not recommended any dividend payment for the financial year ended 31 December 2024 (2023: Nil).

Directors and their interests

The directors who served during the year were as follows:

Name	Designation	Date of appointment/(resignation)
• Mr. Omatseyin Ayida	Chairman	
• Mr. Abdulrahman Isa	Managing Director	07 March 2024
• Mr. Ibrahim Dan Shuaib	Acting Managing Director	(07 March 2024)
• Mr. Alexander Okoh		(08 January 2024)
• Mr. Ignatius O. Ayewoh		08 January 2024/(27 June 2024)
• Mr. Ayodeji Ariyo Gbeleyi		27 June 2024
• Mr. Awwal Manga		
• Mr. Siraj Abdullahi		
• Mr. Simbabi Ogbeha		
• Mr. Mahamadou Arzika		(18 July 2024)
• Boubacar Seybou		18 July 2024
• Hajiya Rabi Yahaya Ahmed		

Direct shares in the Company

The directors had no direct interest in the shares of the Company during the year. (2023: Nil)

Shareholding structure

The shareholding structure of the Company is as follows:

	2024		2023	
	Number of shares held	%	Number of shares held	%
Quest Electricity Nigeria Limited	6,000,000	60	6,000,000	60
Bureau of Public Enterprises - BPE	3,200,000	32	3,200,000	32
Ministry of Finance Incorporated - MOFI	800,000	8	800,000	8
	10,000,000	100	10,000,000	100

Corporate Governance

Subsequent to QENL's acquisition of 60% equity interest in the Company, and consistent with applicable NERC rules, the Board re-emphasized the maintenance of high standards of corporate governance, central to achieving the Company's objective of maximizing shareholder value. As a result, the Board has a schedule of matters reserved specifically for its decision and the Directors have been empowered by the provision of access to learning appropriate professional skills and knowledge development.

The Board held five (5) board meetings during the year and below is the record of attendance of the directors at the meeting:

Name	Date				
	03 Jan 2024	07 Mar 2024	29 Apr 2024	18 Jul 2024	31 Oct 2024
Mr. Omatseyin Ayida	P	P	P	A	P
Mr. Ibrahim Dan Shuaib (Acting Managing Director)	P	P	N/A	N/A	N/A
Mr. Abdulrahman Isa (Managing Director)	N/A	P	P	P	P
Mr. Alexander Okoh (BPE Director)	A	N/A	N/A	N/A	N/A
Mr. Ignatius Aywoh (BPE Director)	N/A	A	A	N/A	N/A
Mr. Ayodeji Gbeleyi Ariyo* (BPE Director)	N/A	N/A	N/A	P	P
Mr. Awwal Manga	P	P	P	P	P
Mr. Siraj Abdullahi	P	P	P	P	A
Mr. Simbabi Ogbaha	P	P	P	P	P
Mr. Mahamadou Arzika	A	A	A	N/A	N/A
Boubacar Seybou	N/A	N/A	N/A	A	P
Hajiya Rabi Yahaya-Ahmed	A	P	P	P	P

* Mrs. Halima Halilu was the alternate director to the BPE Directors at all board meetings in the absence of the latter.

Committees of the Board

The Board has established committees consistent with NERC rules. Currently, there are five (5) committees that have been approved.

The committees are:

1. Finance and Procurement committee, chaired by Mr. Siraj Abdullahi
2. Human Resource and Governance committee, chaired by Mr. Awwal Manga
3. Regulatory and Compliance committee, chaired by Hajiya Rabi Yahaya-Ahmed
4. Audit and Risk committee, chaired by Mr. Ayodeji Gbeleyi.
5. Technical committee, chaired by Mr. Boubacar Seybou.

The sub-committees are established to assist the Board to effectively and efficiently perform guidance and oversight functions, amongst others. The Board Committees and their members held meetings during the year as follows:

1. Finance and Procurement committee

The Finance and Procurement committee met 6 times during the year under review and below is the record of attendance at the meetings.

Name	Date					
	01 Feb 2024	05 Mar 2024	26 Mar 2024	17 Apr 2024	17 Jul 2024	30 Oct 2024
Mr. Siraj Abdullahi	P	P	P	P	P	P
Mr. Ibrahim Dan Shuaib	P	N/A	N/A	N/A	N/A	N/A
Mr. Abdulrahman Isa	N/A	P	P	A	A	P
Mr. Awwal Manga	P	P	P	P	P	P
Mr. Ignatius O. Ayewoh*	P	P	P	P	N/A	N/A
Mr. Ayodeji Gbeleyi Ariyo*	N/A	N/A	N/A	N/A	P	P
Mr. Simbabi Ogbeha	P	P	P	P	P	P

* Mrs. Halima Halilu was the alternate director to the BPE Directors at all board meetings in the absence of the latter.

2. Human Resource and Governance committee

The Human Resource and Governance committee met 5 times during the year under review and below is the record of attendance at the meetings.

Name	Date				
	06 Mar 2024	25 Apr 2024	15 July 2024	10 Sep 2024	29 Oct 2024
Mr. Awwal Manga	P	P	P	P	P
Mr. Ibrahim Dan Shuaib (Acting Managing Director)	N/A	N/A	N/A	N/A	N/A
Mr. Abdulrahman Isa (Managing Director)	P	P	P	P	P
Mr. Siraj Abdullahi**	P	A	P	A	P
Hajiya Rabi Yayaha - Ahmed	P	P	P	P	P
Mr. Alexander Okoh*	N/A	N/A	N/A	N/A	N/A
Mr. Ignatius O. Ayewoh*	P	P	N/A	N/A	N/A
Mr. Ayodeji Gbeleyi*	N/A	N/A	P	P	P
Mr. Simbabi Ogbeha	A	A	A	P	A

* Mrs. Halima Halilu was the alternate director to the BPE Directors at all board meetings in the absence of the latter.

*** Atinuke Taiwo was the alternate director to Mr. Siraj Abdullahi at all committee meetings attended in the absence of the latter.*

3. Regulatory and Compliance committee

The Regulatory and Compliance committee met 4 times during the year under review and below is the record of attendance at the meeting.

Name	Date	Date	Date	Date
	6 Mar 2024	25 Apr 2024	15 Jul 2024	31 Oct 2024
Hajiya Rabi Yahaya - Ahmed	P	P	P	P
Mr. Ibrahim Dan Shuaib	N/A	N/A	N/A	N/A
Mr. Abdulrahman Isa	P	P	P	P
Mr. Awwal Manga	P	P	P	P
Mr. Simbabi Ogbeha	P	P	P	P
Mr. Alexander Okoh	N/A	N/A	N/A	N/A
Mr. Ignatius O. Ayewoh*	P	P	N/A	N/A
Mr. Ayodeji Gbeleyi Ariyo*	N/A	N/A	P	P
Mr. Mahamadou Arzika	A	A	A	N/A

** Mrs. Halima Halilu was the alternate director to the BPE Directors at all board meetings in the absence of the latter.*

4. Audit and Risk committee

The Audit and Risk committee met 4 times during the year under review and below is the attendance at the meeting.

Name	Date			
	5 Mar 2024	18 April 2024	12 July 2024	30 Oct 2024
Mr. Alexander Okoh	N/A	N/A	N/A	N/A
Mr. Ignatius O. Ayewoh*	A	P	N/A	N/A
Mr. Ayodeji Gbeleyi Ariyo*	N/A	N/A	P	P
Mr. Ibrahim Dan Shuaib (Acting Managing Director)	A	N/A	N/A	N/A
Mr. Abdulrahman Isa (Managing Director)	P	P	P	P
Mr. Simbabi Ogbeha	P	P	P	P
Mr. Siraj Abdullahi	P	P	A	A
Hajiya Rabi Yahaya - Ahmed	P	P	P	P
Mr. Mahamadou Arzika	A	A	A	N/A

** Mrs. Halima Halilu was the alternate director to the BPE Directors at all board meetings in the absence of the latter.*

5. Technical committee

The Technical committee met twice during the year under review and below is the record of attendance at the meetings.

Name	Date	
	8 May 2024	11 July 2024
Mr. Ibrahim Dan Shuaib	N/A	N/A
Mr. Abdulrahman Isa	P	P
Mr. Awwal Manga	P	P
Mr. Simbabi Ogbeha	P	P
Mr. Siraj Abdullahi	P	A
Hajiya Rabi Yayaha - Ahmed	P	P
Mr. Alexander Okoh	N/A	N/A
Mr. Ignatius O.Ayewoh*	A	N/A
Mr. Ayodeji Gbeleyi Ariyo*	P	A

* Mrs. Halima Halilu was the alternate director to the BPE Directors at all board meetings in the absence of the latter.

Key

P	Present
A	Absent
N/A	Not Applicable

Material Agreements

The Company has entered into the following material agreements:

1. Deeds of assignment of pre-handover receivables and liabilities

The Company signed a deed of assignment of pre-handover receivables and liabilities with the Nigerian Electricity Liability Management Company Limited (NELMCO) effective 01 January 2022. As part of the privatisation initiative and the restructuring of the Nigerian power sector, NELMCO was established to take over and manage the stranded assets and liabilities in the power sector.

a. Pre-handover receivables

Per the deed of assignment of pre-handover receivables, all the trade receivables of the Company as at 01 January 2022 were transferred to NELMCO without recourse. Further interpretation accorded to the definition of pre-handover receivables by NERC expanded this to include cash and cash equivalents held as at 01 January 2022.

b. Pre-handover liabilities

Per the deed of assignment of pre-handover liabilities, all liabilities and contingent liabilities of the Company as at 01 January 2022 were transferred to NELMCO subject to certain terms and conditions, which the Board believes do not limit the transfers. On the basis of the agreements above, management derecognised qualifying assets and liabilities as at 01 January 2022 from the 2022 financial statements.

2. Technical Agreement with Related Party

The Company has an operations, management and maintenance contract with Societe Nigerienne D'Electricite for the provision of local, top level and expatriate staff to enable the Company meet the performance standard in the Performance Agreement entered into with BPE (Note 27(b)(iii)).

Geographical presence

To enable the Company operate within its licensed area where it distributes electricity, it has eighteen (18) (2023: eighteen (18)) districts, excluding the head office, across Adamawa, Borno, Taraba and Yobe states. Each business unit is headed by a business manager who reports to the leadership team based at the head office.

Property, plant and equipment

Information relating to changes in property plant and equipment is disclosed in Note 12 to these financial statements.

Charitable donations

In accordance with Section 43 (2) of the Companies and Allied Matters Act, CAMA, 2020, 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 (2023: Nil).

Donations made during the year were as follows:

	2024	2023
	N'000	N'000
Maiduguri Market Fire Relief Fund	-	10,000
Renovation of a block of 2 classrooms and toilets in Adamawa and Taraba states	-	9,000
	-	19,000

Events after the reporting period

Events after the reporting date have been disclosed in Note 31 to these financial statements.

Internal Control over Financial Reporting

The Company is a Public Interest Entity (PIE) under the FRC Amendment Act 2023. The Financial Reporting Council of Nigeria (FRC) has granted the Company a one-year waiver from reporting on Internal Control over Financial Reporting (ICOFR) for the financial year ended 31 December 2024.

Employment and employees**a) Employee consultation and training**

The Company places considerable value on the involvement of its employees in major policy matters and keeps them informed on matters affecting them as employees and on various factors affecting the performance of the Company. This is achieved through regular meetings with employees and consultations with their representatives. Management, professional and technical expertise are the Company's major assets. The Company continues to invest in developing such skills. The Company has in-house training facilities, complemented, when and where necessary with external 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 in a fast and effective manner, as possible. This is considered critical to the maintenance of team spirit and high employee morale.

c) Employment of physically challenged persons

The Company has two (2) physically challenged persons in its employment (2023: three(3)). 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 their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

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 formalises EH&S processes, procedures and programmes and provides for integration of EH&S issues into business planning and operations. It is the Company's goal to ensure that incident free safety record in operations is amongst the best, both locally and globally, upon which it has set its safety policy.

Auditors

Messrs. KPMG Professional Services having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with section 401(2) of the Companies and Allied Matters Act, CAMA, 2020, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

BY THE ORDER OF THE BOARD:


.....
Mr. Saleh Dangana
Company Secretary
FRC/2023/PRO/NBA/002/245434
..... JUNE 19TH 2025

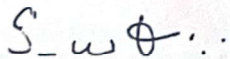
Statement of Directors' Responsibilities in Relation to the Financial Statements
For the year ended 31 December 2024

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and Financial Reporting Council of Nigeria (Amendment) Act, 2023.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 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. See Note 2.

SIGNED ON BEHALF OF THE DIRECTORS BY:


.....
Mr. Omatseyin Ayida
Chairman
FRC/2023/PRO/DIR/003/581399

.....
JUNE 19TH
.....2025


.....
Mr. Abdulrahman Isa
Managing Director
FRC/2024/PRO/COREN/004/369928

.....
19th June,
..... 2025

Statement of Corporate Responsibility for the Financial Statements
for the year ended 31 December 2024

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director/CEO and Finance Manager, hereby certify the financial statements of Yola Electricity Distribution Plc for the year ended 31 December 2024 as follows:

- a) That we have reviewed the audited financial statements of the Company for the year ended 31 December 2024 .
- b) That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- c) That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2024 .
- d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the companies, during the period ended 31 December 2024 .
- e) That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited financial statements, and certify that the Company's internal controls are effective as of that date.
- f) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- g) That we have disclosed the following information to the Company's Auditors and Audit Committee:
 - i. there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and
 - ii. there is no fraud that involves management or other employees who have a significant role in the Company's internal control.



Abdulrahman Isa
Managing Director
FRC/2024/PRO/COREN/004/369928
19th June, 2025



Mathias Nuhu
Finance Manager
FRC/2023/PRO/ICAN/007/229496
19/6/2025

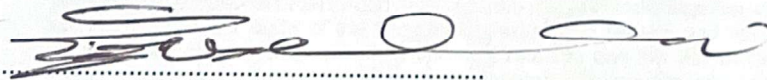
19/6/

Report of the Audit and Risk Committee

In compliance with section 404(1) of the Companies and Allied Matters Act (CAMA 2020), we the members of the Audit and Risk Committee of Yola Electricity Distribution Plc, have reviewed the Audited Report for the year ended 31 December 2024 and hereby declare as follows:

1. The scope and planning of the audit for year ended 31 December, 2024 were adequate in our opinion;
2. The accounting and financial reporting policies of the Company conformed to legal requirements and agreed ethical practices;
3. The Internal Control and Internal Audit were operated effectively through robust internal control framework;
4. The External Auditor's findings as stated in the management letter received satisfactory response from executive management;
5. The External Auditors confirmed receiving full co-operation from the Company's management and that their scope of work was not restricted in any way.

Dated: JUNE 19TH 2025



.....
Mr. Ayodeji Ariyo Gbeleyi

Chairman

FRC/2015/ICAN/00000012331

.....2025

Members of the Committee

Mr. Ayodeji Ariyo Gbeleyi/Mrs. Halima L. Halilu*	Chairman
Mr. Siraj Abdullahi	Member
Hajiya Rabi Yahaya-Ahmed	Member
Mr. Simbabi Ogbeha	Member
Mr. Boubacar Seybou	Member

**Mrs. Halima L. Halilu is the alternate director to the representative of BPE (Bureau of Public Enterprises) on the Board of Directors.*



KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
Victoria Island
PMG 40014, Falomo
Lagos

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234 (1) 271 8599
Internet home.kpmg/ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Yola Electricity Distribution Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Yola Electricity Distribution Plc** ("the Company"), which comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG Professional Services, a partnership registered in Nigeria and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Registered in Nigeria No BN 986925

A list of partners is available for inspection at the firm's address.

Impairment of trade receivables	
See Note 4(R) and 29(B)(a) to the financial statements for the Company's accounting policy on impairment of receivables and related disclosures.	
<i>The key audit matter</i>	<i>How the matter was addressed in the audit</i>
<p>As at 31 December 2024, the Company reported an impairment allowance of ₦ 35.14 billion against the gross trade receivables balance of ₦ 47.08 billion. The allowance for expected credit loss represents 75% of the gross trade receivable balance.</p> <p>The impairment allowance on trade receivables has remained significant as recovery of amounts billed to post-paid customers continues to be a challenge.</p> <p>We considered this a key audit matter due to the materiality of the amounts involved and the high level of judgement required in determining the key inputs for the expected credit loss model used in calculating impairment allowance.</p>	<p>Our audit procedures in this area included the following:</p> <ul style="list-style-type: none"> • obtaining an understanding of the Company's process and control over measurement of Expected Credit Loss model on trade receivables. • evaluating the ECL modelling techniques and methodology used by the Company in comparison to the requirements of the relevant accounting standards. • challenging key assumptions applied in the impairment of financial assets by comparing the assumptions to our expectations based on knowledge of the Company, industry, relevant market parameters and other externally derived data. • assessing the categorization of the Company's receivables for the purpose of ensuring that outstanding receivables are correctly classified based on their credit risk characteristics and their identified settlement patterns. • evaluating completeness of the disclosures made by management in the financial statements against the disclosure requirements of the relevant IFRS Accounting Standards.

Information Other than the Financial Statements and Audit Report thereon

The Directors are responsible for the other information. The other information comprises the Corporate Information, Financial Highlights, Directors' Report, Statement of Directors' Responsibilities, Statement of Corporate Responsibility, Report of the Audit and Risk Committee and Other National Disclosures, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a





material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs, we exercise professional judgment 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.
- 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Signed:

Ayodele A. Soyinka, FCA
FRC/2012/ICAN/00000000405
For: KPMG Professional Services
Chartered Accountants
02 July 2025
Lagos, Nigeria



Yola Electricity Distribution Plc
Annual Report
31 December 2024

Statement of financial position
As at

	Note	31-Dec-2024 N'000	31-Dec-2023 N'000
ASSETS			
Non-current assets			
Property, plant and equipment			
Intangible assets	12	58,890,347	61,368,612
Equity-accounted investee	13	655,654	713,502
Trade and other receivables	14	608,395	610,446
Total non-current assets	16	<u>63,177</u>	<u>1,253,609</u>
Current assets			
Inventories			
Tax assets	17	36,666	598
Trade and other receivables	15	8,686	6,171
Cash and cash equivalents	16	15,061,234	14,657,356
Total current assets	18	<u>1,986,253</u>	<u>1,607,594</u>
Total assets		<u>77,310,412</u>	<u>80,217,888</u>
EQUITY			
Share capital			
Capital contribution	19	5,000	5,000
Revaluation reserves	21(a)	3,982,218	3,611,336
Accumulated deficit	21(b)	32,765,700	32,765,700
Total equity	20	<u>(6,062,085)</u>	<u>(2,109,577)</u>
		<u>30,690,833</u>	<u>34,272,459</u>
LIABILITIES			
Non-current liabilities			
Loans and borrowings	23	10,979,189	9,180,967
Contract liabilities	6(c)	293,767	218,895
Deferred income	24	3,014,963	2,430,671
Deferred tax liabilities	11(d)	2,195,754	7,235,240
Total non-current liabilities		<u>16,483,673</u>	<u>19,065,773</u>
Current liabilities			
Current tax liabilities	11(b)	11,221,566	7,479,957
Loans and borrowings	23	2,392,725	5,657,270
Trade and other payables	22	15,337,712	12,782,161
Contract liabilities	6(c)	386,585	334,063
Deferred income	24	638,949	445,444
Provisions	25	158,369	180,761
Total current liabilities		<u>30,135,906</u>	<u>26,879,656</u>
Total liabilities		<u>46,619,579</u>	<u>45,945,429</u>
Total equity and liabilities		<u>77,310,412</u>	<u>80,217,888</u>

JUNE 19TH, 2025

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

Sust:
Omatseyin Ayida
Chairman
FRC/2023/PRO/DIR/003/581399

Abdulrahman Isa
Abdulrahman Isa
Managing Director/Chief Executive Officer
FRC/2024/PRO/COREN/004/369928

Additionally certified by:

Methias Nuhu
Methias Nuhu
Finance Manager
FRC/2023/PRO/CAN/007/229496

The accompanying notes are an integral part of these financial statements.

Statement of profit or loss and other comprehensive income

For the year ended 31 December

		2024	2023
	Note	N'000	N'000
Revenue	6	31,319,022	38,422,501
Cost of sales	7(a)	(17,086,964)	(15,841,316)
Gross profit		14,232,058	22,581,185
Other income	8	996,495	828,513
Operating expenses	7(b)	(4,674,699)	(5,182,184)
Impairment loss on trade receivables	29(B)(a)	(12,036,179)	(16,517,020)
Operating (loss)/profit		(1,482,325)	1,710,494
Finance income	9	27,399	61,724
Finance costs	9	(3,793,408)	(3,336,384)
Net finance costs		(3,766,009)	(3,274,660)
Share of loss of equity-accounted investee, net of tax	14(a)(ii)	(2,051)	(21,644)
Loss before income tax		(5,250,385)	(1,585,810)
Income tax credit	11(a)	1,297,877	425,614
Loss for the year		(3,952,508)	(1,160,196)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the period		(3,952,508)	(1,160,196)

The accompanying notes are an integral part of these financial statements.

Statement of changes in equity

For the year ended 31 December 2024

	Note	Share capital N'000	Accumulated deficit N'000	Revaluation reserves N'000	Capital contribution N'000	Total N'000
Balance at 1 January 2023		5,000	(949,381)	32,765,700	832,743	32,654,062
Total comprehensive income for the period						
Loss for the period	20	-	(1,160,196)	-	-	(1,160,196)
Total comprehensive loss for the period		-	(1,160,196)	-	-	(1,160,196)
Transactions with owners of the Company						
Capital contribution	21(a)	-	-	-	2,778,593	2,778,593
Total transactions with owners of the Company		-	-	-	2,778,593	2,778,593
Balance at 31 December 2023		5,000	(2,109,577)	32,765,700	3,611,336	34,272,459
Balance at 1 January 2024		5,000	(2,109,577)	32,765,700	3,611,336	34,272,459
Total comprehensive income for the period						
Loss for the period	20	-	(3,952,508)	-	-	(3,952,508)
Total comprehensive loss for the period		-	(3,952,508)	-	-	(3,952,508)
Transactions with owners of the Company						
Capital contribution	21(a)	-	-	-	370,882	370,882
Total transactions with owners of the Company		-	-	-	370,882	370,882
Balance at 31 December 2024		5,000	(6,062,085)	32,765,700	3,982,218	30,690,833

The accompanying notes are an integral part of these financial statements.

Statement of cash flows

For the year ended 31 December

	Note	2024 N'000	2023 N'000
Cash flows from operating activities			
Loss for the period		(3,952,508)	(1,160,196)
Adjustments for:			
- Depreciation on distribution assets	7(a)	4,236,198	3,995,865
- Depreciation on non-distribution assets	7(b)	454,150	424,778
- Amortization - intangible assets	13	85,676	81,910
- Reversal of impairment of inventory	7(a)	-	(23,432)
- Write-off of inventory	7(a)	35,910	385,933
- Write-off of cash	7(b)	-	51,095
- Impairment allowance on trade receivables	29(B)(a)	12,036,179	16,517,020
- Amortization of deferred income	24(c)	(579,260)	(421,540)
- Finance costs	9	3,920,005	3,353,596
- Finance income	9	(27,399)	(61,724)
- Provisions	25	(22,394)	180,761
- Share of loss of equity-accounted investees, net of tax	14(a)(ii)	2,051	21,644
- Income tax expense	11(a)	(1,297,877)	(425,614)
		14,890,731	22,920,096
Changes in working capital:			
- Trade and other receivables	16(e)	(11,186,448)	(22,590,522)
- Inventories	17(b)	(71,978)	155,707
- Tax assets		(2,515)	(6,171)
- Trade and other payables	22(f)	1,761,492	4,390,781
- Contract liabilities	6(c)	49,979	157,495
		5,441,261	5,027,386
Cash generated from operating activities			
Income tax paid	11(b)	-	(82,545)
Net cash from operating activities		5,441,261	4,944,841
Cash flows from investing activities			
Acquisition of property, plant and equipment	12(e)	(2,533,292)	(7,321,146)
Acquisition of intangible assets	13(b)	(27,828)	(19,107)
Advance payment for property, plant and equipment	16(e)	(63,177)	(1,253,609)
Investments in equity-accounted investee	14(a)	-	(632,090)
Interest received	9	27,399	61,724
Net cash used in investing activities		(2,596,898)	(9,164,228)
Cash flows from financing activities			
Proceeds from loans and borrowings	23	4,495,989	5,784,585
Transaction costs related to loans and borrowings	23	-	(25,442)
Repayment of principal	23	(5,070,063)	(2,661,999)
Repayment of interest	23	(1,860,795)	(1,339,296)
Net cash (used in)/generated from financing activities		(2,434,869)	1,757,848
Net increase/(decrease) in cash and cash equivalents		409,494	(2,461,539)
Cash and cash equivalents, beginning of year		1,607,594	4,145,142
Cash written off	7(b)	-	(51,095)
Effects of movements in exchange rates on cash held	9(b)	(30,835)	(24,914)
Cash and cash equivalents, end of year	18	1,986,253	1,607,594

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements**For the year ended 31 December 2024****1.1 Reporting entity**

Yola Electricity Distribution Plc ("the Company"), was incorporated on November 7, 2005 as a Limited Liability Company 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 area of its network which comprised of four (4) states namely Adamawa, Borno, Taraba and Yobe states. The Company is domiciled in Nigeria and has its registered office address at 2, Atiku Abubakar Road, Jimeta, Yola, Adamawa State.

The Company was in the distribution sector of the PHCN which was a state-owned Electric Power Company. However, it was sold to Integrated Energy Distribution and Marketing Company, ("IEDMC"), in 2013 as part of the privatization of the electric power sector. The sale was authorized by the Bureau of Public Enterprises ("BPE"). Effective from 1 November 2013 (referred to as the handover date), the Federal Government of Nigeria (FGN) handed over the Company and other unbundled assets to their new owners. After two years of operating the Company, IEDMC declared a force majeure and the Company was handed over to FGN in 2015 and was under the control of BPE.

Quest Electricity Nigeria Limited ("QENL") acquired 60% equity interest in the Company following the execution of a Performance Agreement, a Share-Sale and Purchase Agreement, and a Shareholders Agreement between BPE, the Company, and QENL on 01 January 2022.

The Company is primarily involved in the distribution of electricity. This includes activities such as billing, metering and maintenance of its network assets and all other related services within its franchise network.

The Company is a Public Interest Entity (PIE) under the FRC Amendment Act 2023. The Financial Reporting Council of Nigeria (FRC) has granted the Company a one-year waiver from reporting on Internal Control over Financial Reporting (ICOFR) for the financial year ended 31 December 2024

1.2 Basis of accounting

These financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

The financial statements were authorised for issue by the Board of Directors on19 June..... 2025.

Details of the Company's accounting policies, including changes thereto, are included in Note 4.

1.3 Basis of measurement

The financial statements have been prepared in a historical cost basis except for plant and machinery class within property, plant and equipment which has been recognized on a revaluation model basis.

1.4 Functional and presentation currency

These financial statements cover the financial year from 1 January 2024 to 31 December 2024, with comparative figures for the financial year from 1 January 2023 to 31 December 2023.

This set of financial statements have been presented in Nigerian Naira ("NGN"), which is the Company's functional currency. All amounts stated in NGN have been rounded to the nearest thousand, unless otherwise stated.

2 Going concern

The Company reported a loss after tax of NGN 3.95 billion for the year ended 31 December 2024, as at the same date, it's current liabilities exceeded its current assets by NGN 13.04 billion (2023: NGN 10.61 billion).

Mainstream Energy Solutions Limited, its ultimate parent company, has confirmed its willingness to provide financial support to the Company in order to enable it to operate as a going concern and to meet its obligations for a period of twelve (12) months from the date of issue of these financial statements.

Notes to the financial statements

For the year ended 31 December 2024

In addition to the financial support provided by its ultimate parent company, the Company has access to various external funding sources, including:

- World Bank facility for the development of the Nigerian electricity distribution sector (DISREP – Distribution Sector Recovery Program): The Bureau of Public Enterprises (BPE) has entered into a \$500 million facility supply agreement under the DISREP on behalf of certain distribution companies, including the Company. Access to the facility is subject to specific terms and conditions.
- Disbursement of surplus funds for administrative operating expenses: Subsequent to year-end on 27 January 2025, the Company obtained approval from the Nigerian Electricity Regulatory Commission (NERC) to access a portion of its previously restricted funds. The total balance of restricted funds is NGN 1.67 billion.
- Other external funding: The Company still has access to NGN 13.43 billion (2023: NGN 17.32 billion) under the CBN NEMSF-2 and NMMP loan facilities, from which it is yet to make any drawdowns (see Note 23(h)).

Based on the foregoing, the directors of the Company have a reasonable expectation that the Company will continue in operational existence for the foreseeable future and as such, be able to realize its assets and discharge its liabilities in the normal course of business. Accordingly, these financial statements have been prepared on the basis of accounting policies applicable to a going concern.

3 New and revised IFRS Accounting Standards in issue but not yet effective

A number of new Standards, Amendments to Standards, and Interpretations are effective for annual periods beginning after 1 January 2025 and have not been applied in preparing these financial statements. Those Standards, Amendments to Standards and Interpretations which may be relevant to the Company are set out below.

The Company do not plan to adopt these standards early. The standards will be adopted in the period that they become mandatory unless otherwise indicated:

Standard/Interpretation		Date issued by IASB	Effective date periods beginning on or after	Summary of the requirements and impact assessment
Amendments to IAS 21	Lack of exchangeability	August 2023	1 January 2025	<p>The amendments clarify:</p> <ul style="list-style-type: none"> • when a currency is exchangeable into another currency; and • how a company estimates a spot rate when a currency lacks exchangeability. <p><i>Assessing exchangeability: When to estimate a spot rate</i></p> <p>A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.</p> <p><i>Estimating a spot rate: Meeting the estimation objective</i></p> <p>A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.</p>

Notes to the financial statements

For the year ended 31 December 2024

Standard/Interpretation		Date issued by IASB	Effective date periods beginning on or after	Summary of the requirements and impact assessment
				<p>The amendments contain no specific requirements on how to estimate a spot rate. Therefore, when estimating a spot rate a company can use:</p> <ul style="list-style-type: none"> • an observable exchange rate without adjustment; or • another estimation technique. <p>Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include:</p> <ul style="list-style-type: none"> • the nature and financial impacts of the currency not being exchangeable. • the spot exchange rate used • the estimation process; and • risks to the company because the currency is not exchangeable. <p>The standard is effective for annual periods beginning on or after 1 January 2024.</p> <p>The Company expects no significant impact on the application of this Standard.</p>

Other standards

The following new and amended standards are not expected to have a significant impact on the Company's financial statements.

- Classification and Measurement of Financial Instruments - *Amendments to IFRS 9 and IFRS 7 (Effective for periods beginning on or after 1 January 2026)*
- Contracts Referencing Nature-dependent Electricity - *Amendments to IFRS 9 and IFRS 7 (Effective for periods beginning on or after 1 January 2026)*
- Annual Improvements to IFRS Accounting Standards - *Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 (Effective for periods beginning on or after 1 January 2026)*
- Presentation and Disclosure in Financial Statement - *IFRS 18 (Effective for periods beginning on or after 1 January 2027)*
- Subsidiaries without Public Accountability: Disclosures - *IFRS 19 (Effective for periods beginning on or after 1 January 2027)*

Notes to the financial statements

For the year ended 31 December 2024

4 Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

A Revenue from contract with customers

The company is in the business of distribution of electricity. Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The performance obligation of the Company is satisfied overtime as electricity is supplied to the customers. Therefore, revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue is measured at fair value of the consideration received/receivable, excluding Value Added Tax (VAT). Revenue from the sale of electricity to post-paid and prepaid customers is the value of the volume of energy units supplied and consumed by the customers or upon completion of services rendered in line with the applicable tariff framework. Prices charged by the Company for electricity distribution are regulated through Multi Year Tariff Order (MYTO).

Revenue from the sales of electricity to post-paid customers is the value of the volume of units supplied during the year.

In the case of prepaid customers, revenue is recognised based on the estimation of energy consumed as at year end, while unutilized energy is regarded as unearned revenue and it is included in the financial statement as contract liability.

The Company does not recognise an asset or liability, as the case may be, on account of under recovery or over recovery except where it is obligated to provide future services at a loss in which case a provision is recognized. Revenue is measured based on the consideration specified in a contract with a customer. The Company recognises revenue when it transfers control over a good or service to a customer.

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

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

Notes to the financial statements

For the year ended 31 December 2024

Type of product	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Prepaid revenue	Satisfaction of performance obligation is same as postpaid revenue. Payment is received in advance of consumption of electricity	Revenue is recognised over time as electricity is provided. In case of prepaid customers, an estimate is made for unearned revenue as at year-end and this is included in the statement of financial position as contract liability. The stand-alone selling price is determined based on the NERC approved tariff for the different categories of customers and rates agreed in bilateral agreements with specific customers.

Other revenue:

Customer granted assets

Contributions by customers of items of property, plant and equipment (PPE), 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 recognizes the transferred asset as PPE. At initial recognition, its cost is measured at fair value, and a corresponding amount is recognized as revenue when the Company has no future obligations, otherwise as contract liabilities.

B Property, plant and equipment

i Recognition and measurement

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the company and the cost can be reliably measured. Spare parts, stand-by equipment and servicing equipment are recognised as property, plant and equipment if they are expected to be used for more than one period, otherwise, such items are classified as inventories.

• Distribution network assets

The Company's distribution network assets are stated at fair value using the revaluation model less accumulated depreciation and accumulated impairment losses and is generally depreciated over the estimated useful life of the assets. Operating assets includes the core assets which the Company uses in carrying out its normal course of business; distributing power to high network and other customers. They include the overhead lines and cables, underground cables, plant and machinery (transformers, feeder pillars), meters, towers and substation buildings.

Revaluations are performed by independent professional valuers with sufficient regularity to ensure that the carrying amount is not materially different from the fair value. Generally this is carried out once in five years unless required earlier to meet any external covenant to ensure that the carrying amount of these assets does not differ materially from that which would be determined using the fair values at the end of the reporting period.

Any increase in value, on revaluation, is recognized in other comprehensive income and presented in the revaluation reserve in equity unless it offsets a previous decrease in value recognized in profit or loss in respect of the same asset. A decrease in value is recognized in profit or loss to the extent it exceeds an increase previously recognized in other comprehensive income in respect of the same asset.

The revaluation surplus within the revaluation reserve is realised upon disposal of a revalued asset.

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

Notes to the financial statements

For the year ended 31 December 2024

- **Non-distribution network assets**

The Company's non distribution assets are measured at cost, less accumulated depreciation and any accumulated impairment losses. Depreciation is on a straight line method over the estimated useful lives of the assets. Non-operating assets includes land, administrative office building, furniture and fittings, motor vehicles, etc. Land is not depreciated.

In line with IAS 16, subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset 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 component is derecognized.

- **Contribution of assets by customer**

Contributions by customers of items of property, plant and equipment (PPE), 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 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 the Company is yet to discharge the future performance obligation, the corresponding amount is recognized as a deferred income pending the performance of the obligation. This is then released to profit or loss as revenue as the performance obligation is discharged overtime.

ii Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its costs can be measured reliably. The carrying amount of the replaced part is derecognized. The cost of day to day servicing of property, plant and equipment is recognized in the statement of profit or loss and other comprehensive income as incurred.

iii Depreciation

Depreciation of an asset commences when the asset is available for use i.e. when it is in the location and condition necessary for it to be capable of operating in a manner intended

Depreciation is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful life of each part of an item of equipment. The depreciation rates applied for the year are as follows:

Asset class	Estimated Useful life (yrs.)
Distribution Assets	
Cables and Conductors	10 years
Transformers	17 years
Meters	10 years
Substation equipment	5 - 17 years
Poles	35 years
Non-distribution Assets	
Buildings	40 years
Vehicles	5 years
Equipment, furniture and fittings	4 - 5 years
Land	Indefinite

Notes to the financial statements

For the year ended 31 December 2024

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. No depreciation is charged on assets under construction. The attributable cost of each item of asset under construction is transferred to the relevant category of property, plant and equipment when they become ready for use and is depreciated accordingly. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with IFRS 5 and the date that the asset is derecognized.

iv Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains and losses arising on the disposal or retirement of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognized net within the statement of profit or loss and other comprehensive income.

C Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Acquired computer software licences are capitalized on the basis of costs incurred to acquire and bring the specific software to the useful state.

Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

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

The estimated useful lives for current and comparative periods are as follows:

Asset	Estimated Useful life (yrs.)
Computer Software	10 years

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

D Financial instruments

i Recognition and initial measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Notes to the financial statements**For the year ended 31 December 2024**

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL):

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of these policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash flows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. - whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's recognition of the assets. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

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

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

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract.

Financial assets - Subsequent measurement and gains and losses

Financial assets at fair value through profit or loss (FVTPL): These assets are subsequently measured at fair value. Net gains and losses, including any interest income, are recognised in profit or loss.

Notes to the financial statements**For the year ended 31 December 2024***Financial assets at amortised cost*

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held for trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. The financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii Derecognition**Financial assets**

The Company derecognises a financial asset when the contractual right to the cash flows from the financial asset expires, or it transfers the right 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 in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

iv Offsetting

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

E Equity-accounted investee**i Interest in equity-accounted investee**

The Company's interests in equity-accounted investee comprise interests in a joint venture.

A joint venture is an arrangement in which the Company has joint control, whereby the Company has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in the joint venture are accounted for under the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of equity-accounted investee, until the date on which significant influence or joint control ceases.

Notes to the financial statements**For the year ended 31 December 2024****ii Equity method**

Under the equity method of accounting, the investments are initially recognized at cost and subsequently adjusted for the Company's share of the associate's profits or losses and other comprehensive income. The Company's share of profits or losses and other comprehensive income of the joint venture is recognized in the statement of comprehensive income. The Company reassesses its joint control over the joint venture on an ongoing basis. Dividends received or receivable from the joint venture are recognised as a reduction in the carrying amount of the investment.

Where the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and the joint venture are eliminated to the extent of the Company's interest in this entity. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Upon loss of joint control over the joint venture, the Company measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

F Income tax

Income tax expense comprises:

- current tax (Company Income tax, Tertiary Education tax, Nigeria Police Trust Fund levy); and
- deferred tax.

It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

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

i Current tax

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

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

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

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

ii Minimum tax

Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. Minimum tax is determined at a base rate of 0.5% of the qualifying company's gross turnover less franked investment income. The Finance Act defines gross turnover

Notes to the financial statements**For the year ended 31 December 2024**

as the gross inflow of economic benefits (cash, revenues, receivables and other assets) arising from the operating activities of a Company, including sales of goods, supply of services, receipt of interest, rents, royalties or dividends.

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

iii Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

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

If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improve.

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are recorded under non-current assets and liabilities and are offset at single entity level if related to offsettable taxes. The balance of the offset, if positive, is recognised under 'Deferred tax assets' and, if negative, under 'Deferred tax liabilities'. When the results of transactions are recognised directly in shareholders' equity, current taxes, deferred tax assets and liabilities are also charged to shareholders' equity.

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

G Foreign currency transactions

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the prevailing exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences are generally recognised in profit or loss and presented within finance income and

Notes to the financial statements**For the year ended 31 December 2024**

costs.

H Cash and cash equivalents

In the statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Bank balances for which use by the Company is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash.

Contractual restrictions affecting use of bank balances are disclosed in note 18. If the contractual restrictions to use the cash extend beyond 12 months after the end of the reporting period, the related amounts are classified as non-current in the statement of financial position.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Company's cash management. Such overdrafts are presented as short-term borrowings in the statement of financial position.

I Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as other non-cash items, have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid, other than borrowing cost on qualifying assets, is also included in financing activities while interest income is included in investing activities.

Borrowing costs paid that are directly attributable to the acquisition, construction or production of a qualifying asset are included in investing activities.

J Employee benefits**i Short-term employee benefits**

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

ii Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are expensed as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

As required by the Pension Reform Act 2014, the Company has instituted a defined benefit contribution pension scheme for its staff. The employees' contributions to the scheme are funded through payroll deductions while the Company's contributions are accrued and charged fully to the profit or loss. Employees contribute 8% of their gross emoluments on a monthly basis while the Company's monthly contribution is 10% of gross emoluments.

iii Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates: (a) when the Company can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

K Finance income and finance costs

Notes to the financial statements**For the year ended 31 December 2024**

Finance income comprises interest income on cash and cash equivalents, short-term investments and foreign currency gain on financial assets and liabilities.

Finance costs comprise interest expense on interest-bearing borrowings, lease liabilities and foreign exchange loss on financial assets and liabilities. Borrowing costs are recognised using effective interest rate and those not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in profit or loss.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

L Inventories

Inventories are stated at the lower of cost and net realizable value. Inventories represent spare parts and other consumables, the majority of which is consumed by the Company's projects in provision of its services within one financial year. Cost comprises; direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Cost is determined by the Weighted Average Cost method.

Net realizable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

M Leases

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

i As a lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date.

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

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

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

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

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

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at

Notes to the financial statements**For the year ended 31 December 2024**

the commencement date;

- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. It is remeasured:

- when there is a change in future lease payments arising from a change in an index or rate;
- if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; and
- if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in substance fixed lease payment.

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

From 1 January 2021, where the basis for determining future lease payments changed as required by interest rate benchmark reform, the Company remeasures the lease liability by discounting the revised lease payments using the revised discount rate that reflects the change to an alternative benchmark interest rate.

The Company presents right-of-use assets that do not meet the definition of investment property and lease liabilities as separate lines in the statement of financial position.

Short-term leases and leases of low-value assets

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

N Provisions and contingent liabilities**Provisions**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material) using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the financial statements**For the year ended 31 December 2024****Contingent liabilities**

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

Contingent liabilities normally comprise of legal claims under arbitration or court process in respect of which a liability is not likely to occur. Contingent liabilities are only disclosed and not 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.

O Operating profit/(loss)

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

P Share capital

The Company has only one class of share, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded at their value. The excess of the issue price is recorded in the share premium reserve. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Q Government Intervention

Government interventions are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant. They are then recognized in profit or loss as an other income on a systematic basis over the useful life of the associated asset.

Grants that compensate the Company for expenses incurred are recognized in profit or loss as a reduction from the related expense on a systematic basis in the periods in which the expenses are recognized.

R Impairment**i Non-derivative financial assets****Financial instruments and contract assets**

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12 month ECL.

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

The Company assumes the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

Notes to the financial statements**For the year ended 31 December 2024**

- the financial asset is more than 120 days past due.

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

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

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

Measurement of ECLs

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

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

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

ii Non-financial assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

Notes to the financial statements**For the year ended 31 December 2024****S Fair value measurement**

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

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

When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

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

i Measurement of fair values

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

The CFO regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the CFO assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Audit Committee and Board of Directors. When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Notes to the financial statements**For the year ended 31 December 2024****5 Use of judgements and estimates**

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy to be followed could materially affect the reported amounts of revenues, expenses, assets and liabilities of the company should it later be determined that a different choice would be more appropriate.

In addition, in preparing the accounts in conformity with IFRS, the company is required to make estimates and assumptions that impact on the reported amounts of revenues, expenses, assets, and liabilities of the company. Actual results may differ from these estimates.

These are discussed in more details below. These critical accounting judgments and key sources of estimation uncertainty should be read in conjunction with the full statement of accounting policies at Note 4.

A Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is as follows:

- Revenue - Collectability of amounts receivable: Revenue may only be recognised if it is believed at the time of sale that the revenue is likely to be recovered from the customer. This recoverability requirement is not considered to have been met in contracts with customers who have a poor payment history and for which the Company believes the ability to manage the related credit risk on such contracts is impaired as a result. The Company does not recognise revenue on billings made on such contracts. Where the recoverability requirement is met, revenue is recognised on an accrual basis. The risk of non-collection is reflected as an adjustment to the revenue recognised as against recognising an impairment expense using the expected credit loss (ECL) method.
- Estimation of bills to unmetered customers: Bills to unmetered customers are estimated per feeder. The energy consumed by metered customers (postpaid and prepaid) on a feeder represents the accounted quantum of energy, while the difference between the total energy supplied to the feeder less technical losses and the accounted energy represents the unaccounted energy which is billed to unmetered customers in the proportion of their load wattage. The load wattage represents the estimated monthly minimum consumption of an unmetered customer. This is then used to multiply the grid factor which is the proportion of the unaccounted energy distributed to the feeder to the cumulative load wattage of all unmetered customers on the feeder.

B Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 29(a) - Impairment of trade receivables; measurement of ECL allowance for trade receivables;

Notes to the financial statements

For the year ended 31 December 2024

6 Revenue

(a) Revenue streams

The Company generates revenue primarily from the sale of electricity to customers in different sectors of the economy. Revenue is also earned from the transfer of network distribution assets from customers.

	2024	2023
	N'000	N'000
Sale of electricity (revenue from contracts with customers)	31,319,022	38,422,501
	31,319,022	38,422,501

(b) Disaggregation of revenue from contracts with customers

Revenue from sale of electricity was earned from various classes of customers thus:

	2024	2023
	N'000	N'000
Service Band A	11,113,646	12,499,609
Service Band B	9,707,222	11,223,996
Service Band C	7,666,181	10,674,079
Service Band D	2,831,973	4,024,817
	31,319,022	38,422,501

Revenue is also analysed into:

	2024	2023
	N'000	N'000
Post-paid	26,940,516	33,468,121
Prepaid	4,378,506	4,954,380
	31,319,022	38,422,501

Revenue recorded represents the total value of energy distributed to customers for the year, in line with the Multi-Year Tariff Order (MYTO) structure.

(c) Contract balances

The following table provides information about receivables and contract liabilities from contracts with customers.

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Receivables, which are included in trade and other receivables (Note 16)	11,940,294	11,419,394
Contract liabilities	680,352	552,958

The contract liabilities primarily relate to the advance consideration received from customers for supply of electricity, for which revenue is recognised over time. Contract liabilities include NGN 167.50 million (2023: NGN 93.91 million) relating to credits yet to be refunded as a result of overbilling of customers during the year.

Notes to the financial statements

For the year ended 31 December 2024

Contract liabilities is further analysed into:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Current	386,585	334,063
Non-current	293,767	218,895
	680,352	552,958

The current balance represents the collections from prepaid customers for which the Company is yet to supply electricity, credits due to overbilled customers during the year and refund due within the next 12 months to customers for meters installed under the MAP scheme. The non-current portion relates mainly to refunds due under the MAP scheme.

Contract liabilities is further analysed into:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Collections from prepaid customers	185,202	207,707
Overbilling to cutomers	167,505	93,906
MAP	327,645	251,345
	680,352	552,958

The amount of NGN 207.71 million included in contract liabilities at 31 December 2023 has been recognised as revenue in 2024 (2023: NGN 144.12 million).

Reconciliation of changes in contract liabilities to statement of cash flows is as follows:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Balance at 1 January	(552,958)	(144,116)
Balance at 31 December	680,352	552,958
Meters installed under MAP scheme (Note 12)	(77,415)	(251,347)
Amount shown in statement of cash flows	49,979	157,495

7 Expenses by nature

Expenses by nature comprise:

(a) Cost of sales

	2024	2023
	N'000	N'000
Cost of energy purchased from the Grid	9,604,371	48,590,022
Recovery of tariff shortfall (Note 7(a)(i))	-	(40,590,159)
	9,604,371	7,999,863
Technical services	1,453,443	1,934,865
Depreciation expense (Note 12(b))	4,236,198	3,995,865
Write down of inventories (Note 17(a))	35,910	362,501
Employee benefit expenses (Note 28)*	1,757,042	1,548,222
	17,086,964	15,841,316

(i) Tariff shortfall awarded by NERC

The tariff shortfall relates to the tariff differential as computed in the MYTO which is based on Orders issued by NERC to address the provision of cost reflective tariffs in ensuring that prices charged by the distribution

Notes to the financial statements

For the year ended 31 December 2024

companies are fair to customers and sufficient in allowing the distribution companies operate efficiently to recover the full cost of operating their respective licencees including a reasonable return on capital.

For the current year, the MYTO 2024 Order issued by NERC specifies that invoices to distribution companies should be issued net of tariff shortfall. As a result, no tariff shortfall has been recognised in the financial statements for the year (2023: NGN 40.59 billion).

*In the current year, the Company reclassified employee benefit expenses for technical and operations staff

Notes to the financial statements

For the year ended 31 December 2024

previously presented under Operating Expenses to Cost of Sales to better reflect the nature of the expense and improve the presentation of the financial statements.

(b) Operating expenses

	2024	2023
	N'000	N'000
Employee benefit expenses (Note 28)	1,376,250	1,202,783
Directors' remuneration (Note 28)	354,246	222,470
Outsourced staff costs (Note 7 (b)(i))	820,951	673,187
Management secondment allowances	55,100	57,500
Billing and collection expenses	180,861	180,821
Legal and other professional expenses	36,925	85,356
Net provisions for litigation (Note 25)*	23,422	126,572
Health and safety expenses	2,992	49,973
Community expenses	-	18,993
Transport and travelling expenses	240,558	463,173
Office maintenance and expenses	81,940	152,521
Marketing expenses	8,934	35,256
Subscription and internet fees	211,915	190,628
Staff welfare and entertainment expenses	63,277	55,108
Rents	71,828	64,053
Insurance expenses	54,307	110,791
Training expenses	9,156	143,243
Write-off of cash balances	-	51,095
FRC Annual levy	15,660	18,172
Statutory levies	11,370	7,604
Miscellaneous expenses	28,108	66,309
Depreciation of non-distribution assets (Note 12 (b))	454,150	424,778
Amortisation of intangible assets (Note 13(a))	85,676	81,910
Repairs and maintenance	406,530	550,342
Auditor's remuneration (Note 7 (b)(iii))	45,500	44,500
Bank charges	26,473	39,583
Penalties	195	11,274
Provision for NERC deduction (Note 7 (b)(ii))	8,375	54,189
	4,674,699	5,182,184

*Included in this balance is a reversal of a NGN 25 million provision previously recorded in respect of the Taraba electrocution incident. The reversal was recognised following the settlement of the obligation by Mainstream Foundation—a related party by virtue of its affiliation with the Company's parent, Mainstream Energy Solutions Limited (MESL). Mainstream Foundation will not seek reimbursement from the Company (2023:Nil).

i) Outsourced services represents the cost of cleaning, driving, security and medical services.

ii) Provision for NERC deduction represents the regulatory deduction of NGN 8.38 million imposed by NERC via order NERC/2024/014 for the Company's non-compliance with the Order on Capping of Estimated Bills to Unmetered Customers for the period of July - September 2024.

Notes to the financial statements

For the year ended 31 December 2024

iii) Auditor's remuneration comprises:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Audit services	45,500	44,500
Non-audit services	-	-
	45,500	44,500

8 Other income

	2024	2023
	N'000	N'000
Reconnection and meter bypass fees	362,546	406,973
Amortisation of day-1 fair value gain on CBN loans (Note 24 (a))	524,018	377,263
Amortisation of deferred income on NDPHC assets (Note 24 (b))	55,242	44,277
Other sundry income	54,689	-
	996,495	828,513

9 Net finance costs

	2024	2023
	N'000	N'000
Finance income		
Interest income on fixed deposits	27,399	61,724
Total finance income	27,399	61,724
Finance costs		
Interest expense on CBN-NEMSF 1 intervention loan	798,140	937,769
Interest expense on CBN-NEMSF 2 intervention loan	362,711	87,505
Interest on CBN-NMMP loan	559,142	418,042
Interest expense on loans from related parties	817,756	612,658
Interest expense on loan from commercial banks	181,265	356,316
Total interest on loans - net of withholding tax (Note 23(g))	2,696,487	2,389,772
Withholding tax on interest expenses on loans from related parties (Note 22(f))	22,527	22,518
Other finance cost*	23,870	-
Interest expense on shortfall remittance to electricity suppliers (Note 9(a))	-	25,008
Net foreign exchange loss	1,050,524	899,086
Total finance costs	3,793,408	3,336,384
Net finance costs	3,766,009	3,274,660

Finance costs for cashflow purposes

2024	2023
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Notes to the financial statements

For the year ended 31 December 2024

	N'000	N'000
Interest expense on loans and borrowings - net of withholding tax (Note 23(g))	2,696,487	2,389,772
Withholding tax on interest expenses on loans from related parties (Note 22(f))	22,527	22,518
Interest expense on shortfall remittance to electricity suppliers (Note 9(a))	-	25,008
Unrealized exchange difference ((Note 9(b))	1,200,991	916,298
	3,920,005	3,353,596

*Other finance cost represents additional interest due to default in the repayment of the Access bank loan.

(a) Interest on shortfall remittance to electricity suppliers

This represents interest arising from the Company's default with respect to amounts due on NBET invoices during the year. See Note 22. In line with NERC Orders, the Company is required to make minimum remittances on NBET and MO monthly bills and shortfalls on baseline remittances attract interest at NIBOR plus 4%. There was no interest on shortfall remittance during the year as a result of the receivable balance from NBET as at year end.

(b) Foreign exchange loss, net is analysed as follows

	2024 N'000	2023 N'000
Unrealized foreign exchange loss on trade and other payables	(1,170,156)	(891,384)
Unrealized foreign exchange loss on cash and cash equivalents	(30,835)	(24,914)
Unrealized foreign exchange loss for statement of cash flows	(1,200,991)	(916,298)
Realized foreign exchange gain/(loss)	150,466	17,213
Foreign exchange loss, net	(1,050,525)	(899,085)

10 Loss before taxation

	2024 N'000	2023 N'000
This is stated after charging		
Auditor's remuneration (Note (b))	45,500	44,500
Depreciation of property, plant and equipment (Note 12)	4,690,348	4,420,643
Amortisation of intangible assets (Note 13)	85,676	81,910
Employee benefit expenses (Note 28)	1,376,250	1,202,783
Impairment of trade receivables (Note 29(B)(a))	12,036,179	16,517,020
Directors' remuneration (Note 28)	354,246	222,470
Net finance costs (Note 9)	3,766,009	3,274,660

Notes to the financial statements

For the year ended 31 December 2024

11 Taxation

(a) Income tax expense - amounts recognised in profit or loss

	2024	2023
	N'000	N'000
Current tax expense		
Income tax	3,336,039	4,219,852
Tertiary Education Tax	405,570	622,123
Nigerian Police Trust Fund Levy	-	-
	<u>3,741,609</u>	<u>4,841,975</u>
Deferred tax		
Origination and reversal of temporary differences	(5,039,486)	(5,267,589)
	<u>(1,297,877)</u>	<u>(425,614)</u>

(b) Movement in current tax liabilities

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Balance, beginning of period	7,479,957	2,720,527
Current tax charge for the period	3,741,609	4,841,975
Payments during the year	-	(82,545)
Balance, end of period	<u>11,221,566</u>	<u>7,479,957</u>

(c) Reconciliation of effective tax rate

	2024	2023
	N'000	N'000
Profit before minimum tax and income tax	(5,250,385)	(1,585,810)
Tax using the statutory rate	33.00% (1,732,627)	33.00% (523,317)
Tax effect of:		
Tax incentives	-% -	7.18% (113,845)
Non-deductible expenses	(8.28)% 434,750	(13.94)% 221,132
Changes in estimates relating to prior year	-% -	0.68% (10,846)
Other differences	-% -	(0.08)% 1,262
	<u>24.72%</u> <u>(1,297,877)</u>	<u>26.84%</u> <u>(425,614)</u>

Notes to the financial statements (cont'd)**For the year ended 31 December 2024****(d) Movement in deferred tax balances**

2024	Net balance at 1 January N'000	Recognised in profit or loss N'000	Recognised in OCI N'000	Balance at 31 December		
				Net	Deferred tax assets	Deferred tax liabilities
				N'000	N'000	N'000
Property, plant and equipment	(15,058,103)	724,093	-	(14,334,010)	-	(14,334,010)
Intangible assets	(150,468)	(10,948)	-	(161,416)	-	(161,416)
Impairment allowance on trade and other receivables	7,623,856	3,971,939	-	11,595,795	11,595,795	-
Unrealized exchange loss	307,706	346,673	-	654,379	654,379	-
Provisions	41,769	7,729	-	49,498	49,498	-
Net tax assets (liabilities)	(7,235,240)	5,039,486	-	(2,195,754)	12,299,672	(14,495,426)

2023	Net balance at 1 January N'000	Recognised in profit or loss N'000	Recognised in OCI N'000	Balance at 31 December		
				Net	Deferred tax assets	Deferred tax liabilities
				N'000	N'000	N'000
Property, plant and equipment	(14,531,070)	(527,033)	-	(15,058,103)	-	(15,058,103)
Intangible assets	(140,742)	(9,726)	-	(150,468)	-	(150,468)
Impairment allowance on trade and other receivables	2,140,311	5,483,545	-	7,623,856	7,623,856	-
Inventories	7,615	(7,615)	-	-	-	-
Financial instruments	15,810	(15,810)	-	-	-	-
Unrealized exchange loss	5,247	302,459	-	307,706	307,706	-
Provisions	-	41,769	-	41,769	41,769	-
Net tax assets (liabilities)	(12,502,829)	5,267,589	-	(7,235,240)	7,973,331	(15,208,571)

Notes to the financial statements (cont'd)**For the year ended 31 December 2024****12 Property, plant and equipment****(a) Reconciliation of carrying amount:**

	NON-DISTRIBUTION ASSETS				DISTRIBUTION ASSETS		Total
	Land	Buildings	Vehicles	Equipment, furniture and fittings	Plant and machinery	Capital work-in- progress	
	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost							
At 1 January 2023	337	101,672	1,733,037	267,393	52,508,467	5,535,136	60,146,042
Additions for the year*	-	199,867	10,850	89,769	5,528,447	3,599,436	9,428,369
Transfers	-	102,421	-	-	2,843,491	(2,945,912)	-
At 31 December 2023	337	403,960	1,743,887	357,162	60,880,405	6,188,660	69,574,411
At 1 January 2024	337	403,960	1,743,887	357,162	60,880,405	6,188,660	69,574,411
Additions for the year*	-	47,000	19,155	69,993	518,455	1,557,480	2,212,083
At 31 December 2024	337	450,960	1,763,042	427,155	61,398,860	7,746,140	71,786,494
Accumulated depreciation							
At 1 January 2023	-	58,734	223,638	48,059	3,454,725	-	3,785,156
Charge for the year	-	5,287	347,935	71,556	3,995,865	-	4,420,643
At 31 December 2023	-	64,021	571,573	119,615	7,450,590	-	8,205,799
At 1 January 2024	-	64,021	571,573	119,615	7,450,590	-	8,205,799
Charge for the year	-	11,235	350,454	92,461	4,236,198	-	4,690,348
At 31 December 2024	-	75,256	922,027	212,076	11,686,788	-	12,896,147
Carrying amounts:							
At 1 January 2023	337	42,938	1,509,399	219,334	49,053,742	5,535,136	56,360,886
At 31 December 2023	337	339,939	1,172,314	237,547	53,429,815	6,188,660	61,368,612
At 31 December 2024	337	375,704	841,015	215,079	49,712,072	7,746,140	58,890,347

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

* Included in network distribution assets are assets amounting to NGN 77.41 million (2023: 251.35) transferred to the Company by customers under the MAP scheme and for which the Company is to refund the customers via vending credits. See Note 6(c)

(b) The depreciation charge for the year is allocated as follows:

	2024 N'000	2023 N'000
Cost of sales (Note 7(a))	4,236,198	3,995,865
Operating expenses (Note 7(b))	454,150	424,778
	4,690,348	4,420,643

(c) Capital Work in Progress (CWIP)

Capital work in progress (CWIP) comprises:

	31-Dec-2024 N'000	31-Dec-2023 N'000
Energy meters	59,923	-
Transformers, poles, and cables and conductors	7,424,374	5,926,817
Distribution equipment granted by NDPHC (Note 24(b))	245,700	245,700
Injection station equipment	16,143	16,143
	7,746,140	6,188,660

(d) Capital commitments

The Company has no capital commitments as at year end (2023 NGN 44.86 million).

(e) Reconciliation of additions to property, plant and equipment to statement of cashflows:

	2024 N'000	2023 N'000
Additions to property, plant and equipment	(2,212,083)	(9,428,369)
Meters installed under MAP scheme (Note 6)	77,415	251,347
Assets not paid for as at year end (Note 22e)	939,075	1,372,029
Assets not paid for as at prior year end now paid (Note 22e)	(1,337,699)	(131,053)
NDPHC granted assets during the year	-	614,900
	(2,533,292)	(7,321,146)

(f) Security

No items of property, plant and equipment were pledged as security for any borrowings. (2023: Nil).

(g) On 1 January 2022, the Company revalued its distribution network assets. The valuation was carried out by Mr. Yunusa L. Gwamna (FRC/2023/PRO/NIESV/004/648020) for Messrs. Gwamna and Associates.

Based on the valuation report, the Directors recorded NGN 46.81 billion as revaluation surplus in other comprehensive income.

As at year end, distribution network assets are the Company's category of assets that are carried at valuation.

Independent valuations of the Company's distribution network assets are to be performed by external valuers to determine the fair values going forward every five years in line with the Company's accounting policy. The fair value measurement for distribution network assets was performed using significant other observable inputs

Notes to the financial statements (cont'd)**For the year ended 31 December 2024**

(Level 2). Level 2 is defined as inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

The external valuations of the distribution network assets have been performed using a depreciated replacement cost approach. This approach measures the Fair Value by estimating the "Gross Current Replacement Cost" of the facilities and then determines the deductions which should be made to reflect the age, condition, and situation of the asset during its past and proposed future economic working life. Gross Current Replacement Cost refers to the total cost as at the date of valuation, of constructing an equivalent facility of equal utility to the existing one. This involves establishing the current cost of acquiring the assets together with ancillary costs of transportation and installation (e.g. material, labour including accommodation cum profit and attendance) including freight, insurance custom duty (IDR) and clearing where imported.

(h) Fair value of Property, Plant and Equipment

Asset Description	Fair Value	Fair Value Hierarchy	Valuation Technique	Significant unobservable input and relationship to fair value
	N'000			
Distribution network assets	49,248,143	Level 2	Depreciated replacement cost method	N/A

(i) Distribution network assets: historical costs

	N'000
31 December 2024	
Cost	15,182,654
Accumulated Depreciation	(1,843,880)
Net book value	13,338,774
31 December 2023	
Cost	14,664,199
Accumulated Depreciation	(1,029,486)
Net book value	13,634,713

13 Intangible assets**(a) Reconciliation of carrying amount:**

	Computer software
	N'000
Cost	
At 1 January 2023	838,005
Additions for the year	19,107
At 31 December 2023	857,112

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

At 1 January 2024	857,112
Additions for the year	27,828
At 31 December 2024	884,940
Accumulated amortisation	
At 1 January 2023	61,700
Charge for the year	81,910
At 31 December 2023	143,610
At 1 January 2024	143,610
Charge for the year	85,676
At 31 December 2024	229,286
Carrying amounts:	
At 1 January 2023	776,305
At 31 December 2023	713,502
At 31 December 2024	655,654

The amortisation of computer software is included as a part of "Operating expenses" in Note 7(b) to these financial statements.

(b) Reconciliation of additions to intangible assets in statement of cashflows:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Additions to intangible assetsts (13(a))	(27,828)	(19,107)
	(27,828)	(19,107)

14 Equity-accounted investee

(a) The movement in this account is as follows:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Balance at 1 January	610,446	-
Deposit for shares	-	632,090
Share of loss for the year (Note 14(a)(iii))	(2,051)	(21,644)
Balance at 31 December	608,395	610,446

On 25 February 2021, Rhossili International Limited ("Rhossili") was incorporated under the laws of the Federal Republic of Nigeria. Rhossili is jointly-owned by Quest Electricity Nigeria Limited (QENL) and Yola Electricity Distribution Plc ("the Company"), with each entity with a shareholding of 50%. Rhossili's principal activity is to build, own, and operate a reinforced pole manufacturing plant.

The shares of Rhossili remain unpaid. As at year end, the Company had not made additional contribution to Rhossili as deposit for shares (2023: 632.09 million).

Notes to the financial statements (cont'd)**For the year ended 31 December 2024**

The following table summarises the financial information of Rhossili as included in its own financial statements. The information for 2024 includes the results of Rhossili for the period from 1 January to 31 December 2024 (2023: 1 January to 31 December 2023).

i Summarized Statement of Financial Position

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Percentage ownership interest	50%	0%
Non-current assets	2,429,729	1,430,864
Current assets	38,432	31,319
Non-current liabilities	-	-
Current liabilities	(583,461)	(205,461)
Net Assets (100%)	1,884,700	1,256,722
Share of net assets (50%)	942,350	628,361

ii Summarized Statement of Profit or loss and Other Comprehensive Income

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Operating expenses	(4,101)	(43,288)
Total comprehensive income (100%)	(4,101)	(43,288)
Share of total comprehensive income (50%)*	(2,051)	(21,644)

* The Company has recognized its share of loss amounting to NGN 2.05 million (2023: (21.64)million) in relation to its joint venture.

15 Tax assets

Tax assets comprise withholding tax receivables (advance payment of Companies Income Tax) which is available to offset the actual tax liabilities. Based on the current tax laws in Nigeria, these withholding taxes do not expire.

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Balance at 1 January	6,171	-
Additions from interest earned during the year	2,515	6,171
Balance at 31 December	8,686	6,171

16 Trade and other receivables

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Trade receivables	47,079,067	34,521,988
Less: Impairment allowance (Note 29(B)(a)(i))	(35,138,773)	(23,102,594)
Trade receivables - net	11,940,294	11,419,394
Receivables from NBET (Note 16 (a))	723,631	1,447,350
Other receivables (Note 16 (b))	843,537	843,537
Advance payment for property, plant and equipment	63,177	1,253,609
Feeder Accounts balance (Note 16 (c))	1,040,312	799,590
Meter Acquisition Fund balance (Note 16 (d))	351,624	147,485

Notes to the financial statements (cont'd)**For the year ended 31 December 2024**

Related party receivables (Note 27(d))

161,836	-
15,124,411	15,910,965

Carrying amount is analysed into:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Current	15,061,234	14,657,356
Non-current	63,177	1,253,609
	15,124,411	15,910,965

(a) Receivables from NBET

Receivables from NBET represents the net excess payments over Minimum Remittance Obligations to Nigerian Bulk Electricity Trading Company (NBET) during the year.

(b) Other receivables

Other receivables represent amounts receivable from the Nigerian Electricity Liability Management Company (NELMCO) in respect of payments made by the Company on behalf of NELMCO for pre-completion debts due to NBET and MO. This amount has not been offset against the amount payable to NELMCO of NGN 1.92 billion (Note 22(c)) because a right of offset does not exist.

(c) Feeder Accounts balance

These represent bank balances in the collections accounts, which was not available for use as at the reporting date in line with the accounts management restrictions imposed by the Central Bank of Nigeria (CBN) as part of the requirements for the CBN-NEMSF and CBN-NMMP facilities (Note 23) towards repayment of the facility. Balances in these accounts can only be transferred into the Principal Collection Account and cannot be used for no other purpose.

(d) Meter Acquisition Fund

This represents amounts sequestered in the Principal Collection Account, which was not available for use as at the reporting date in line with the directives in the December 2022 Minor Review of Multi-Year Tariff Order - 2022 ("December 2022 Minor Review Order") as a contribution to the Meter Acquisition Fund initiative by NERC.

(e) Reconciliation of trade and other receivables to statement of cash flows

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Balance at 1 January	15,910,965	8,583,854
Balance at 31 December	(15,124,411)	(15,910,965)
Advance payment for property, plant and equipment	63,177	1,253,609
Impairment loss on trade receivables (Note 29(B)(a)(ii))	(12,036,179)	(16,517,020)
	(11,186,448)	(22,590,522)

Information about the Company's exposure to credit and market risks, and impairment losses for trade receivables is included in Notes 29(B)(a) and 29(B)(c).

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

17 Inventories

Inventories comprises:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Distribution spares	36,666	598
Distribution spares	36,666	598

(a) Amount of inventories recognised as an expense

During the year, an allowance of NGN 35.91 million was recorded to write off inventories (2023: NGN 385.93 million).

The expense is recorded under "Write-off of inventory" in cost of sales (See Note 7 (a)).

(b) Reconciliation of changes in inventory to statement of cash flows

	2024	31-Dec-2023
	N'000	N'000
Balance at 1 January	598	518,806
Balance at 31 December	(36,666)	(598)
Reversal of impairment of inventory	-	23,432
Write-off of inventory	(35,910)	(385,933)
	(71,978)	155,707

18 Cash and cash equivalents

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Cash on hand	1,555	34,810
Bank balances*	1,984,698	1,572,784
	1,986,253	1,607,594

* Included in the cash and cash equivalents is NGN 1.44 billion (2023: NGN 499.50 million), warehoused in the Company's Principal Collection Account. Withdrawals are restricted on this account till the 23rd of each month where a one time sweep of balances can be done into the Company's funding account after settlement of liabilities relating to the loans with CBN. This is in line with the requirements of the Central Bank of Nigeria for granting the facilities to the Company.

Information about the Company's exposure to credit and market risks, and impairment losses for cash and cash equivalents is included in Note 29.

19 Share capital

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Issed, allotted and fully paid		
10,000,000 of ordinary shares of NGN 0.50k each	5,000	5,000

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

	31-Dec-2024	31-Dec-2023
Shareholders	Unit	Unit
Quest Electricity Nigeria Limited	6,000,000	6,000,000
Bureau of Public Enterprises - BPE	3,200,000	3,200,000
Ministry of Finance Incorporated - MOFI	800,000	800,000
	10,000,000	10,000,000

All shares rank equally with regard to the Company's residual assets. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at the general meetings of the Company

20 Accumulated deficit

	31-Dec-2024	31-Dec-2023
	N'000	N'000
As at 1 January	(2,109,577)	(949,381)
Loss for the year	(3,952,508)	(1,160,196)
	(6,062,085)	(2,109,577)

21 Reserves

(a) Capital contribution

Capital contribution represents:

- the balance of government funding through instances of asset contributions through agencies such as the Federal Ministry of Power, Works and Housing ("FMoPWH"), Nigerian National Integrated Power Project ("NIPP") in the periods when the Federal Government was a 100% shareholder of the Company.
- the fair value gain recognized as a result of the additional loan amount granted to the Company from Quest Electricity Nigeria Limited (QENL) during the year. See Note 23(d) for more details.

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Federal Government grant	832,743	832,743
Fair value gain on related party loan (Note 23(d))	3,149,475	2,778,593
	3,982,218	3,611,336

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

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Balance at 1 January	3,611,336	832,743
Additions from related party loans (Note 23(g))	370,882	2,778,593
Balance at 31 December 2024	3,982,218	3,611,336

(c) Revaluation reserves

The property, plant and equipment revaluation reserves is used to record surplus arising from the revaluation of property, plant and equipment.

2024 2023

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

	N'000	N'000
Balance at 1 January	32,765,700	32,765,700
Balance at 31 December	32,765,700	32,765,700

22 Trade and other payables

	31-Dec-2024 N'000	31-Dec-2023 N'000
Direct Trade Creditors (Energy market) (Note 22(a))	2,921,089	1,728,438
Other payables (Note 22(d))	515,083	657,489
Payable to PPE vendors (Note 22(b))	939,075	2,308,327
Payable to NELMCO (Note 22(c))	1,923,019	1,686,982
Related party payables (Note 27(d))	3,837,828	2,381,096
Accruals	55,500	66,900
	10,191,594	8,829,232
Statutory liabilities (Note 22d)	5,146,118	3,952,929
	15,337,712	12,782,161
Carrying amount is analysed into:		
Current portion	15,337,712	12,782,161
Non-current portion	-	-
	15,337,712	12,782,161

(a) Direct trade creditors (Energy Market) is analysed into:

	31-Dec-2024 N'000	31-Dec-2023 N'000
Operator of the Nigerian Electricity Market (ONEM)	2,921,089	1,728,438
	2,921,089	1,728,438

(b) This amount represents payables for items of property, plant and equipment. Included in this amount are the costs for supply and installation of meters under the National Mass Metering Programme (NMMP) scheme for which the milestones for payments have not been met. Under the scheme, meters are supplied and installed at the Company's customers' premises by NERC approved vendors with the costs of meters to be repaid by the Company through disbursements of funds from the CBN-NMMP facility to the meter vendors. Disbursements are based on completion of supply and installation milestones by the meter vendors in accordance with the NMMP regulations and agreements with the Company.

(c) This represents amount due to NELMCO with respect to cash collections received from customers in respect of the legacy debts which had been transferred to NELMCO in line with the deed of assignment of precompletion receivables as well as cash balances at 31 December 2021. Per the deed, these collections by the Company and cash balances should be remitted to NELMCO.

(d) This represents statutory deductions which are mandated by law or statute. They include Pension deductions, Value Added Tax (VAT), National Housing Fund (NHF), Withholding Tax (WHT) and Pay As You Earn (PAYE) liabilities.

(e) This represents amount payable to other vendors that have offered services to the Company that do not fall under the category of energy traders and PPE vendors.

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

(f) Reconciliation of trade and other payables to statement of cashflows

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Balance at 1 January	(12,782,161)	(9,062,755)
Balance at 31 December	15,337,712	12,782,161
Interest accrued on remittance shortfall on electricity supplier's bill (Note 9(a))	-	(25,008)
Withholding tax on interest expenses on loans from related parties	(22,527)	(22,518)
Assets not paid for as at year end (Note 12(e))	(939,075)	(1,372,029)
Assets not paid for as at prior year end now paid (Note 12(e))	1,337,699	131,053
Related party payable restructured into a loan (Note Note 23(d))	-	2,851,261
Unrealized foreign exchange difference (Note 9(b))	(1,170,156)	(891,384)
	1,761,492	4,390,781

23 Loans and borrowings

	31-Dec-2024	31-Dec-2023
	N'000	N'000
CBN - NEMSF (Note 23(a))	3,773,422	4,595,493
CBN - NEMSF-2 (Note 23(b))	2,344,166	806,654
CBN - NMMP (Note 23(c))	2,733,406	2,068,793
QENL Loan (Note 23(d))	3,621,574	3,235,897
SpillGate Loan (Note 23(e))	899,346	1,515,112
Commercial bank loans (Note 23(f))	-	2,616,288
	13,371,914	14,838,237
Loans and borrowings are analysed into:		
Current portion	2,392,725	5,657,270
Non-current portion	10,979,189	9,180,967
	13,371,914	14,838,237

(a) CBN-NEMSF 1

In 2016, the Nigerian Electricity Supply Industry ("NESI"), the Central Bank of Nigeria ("CBN"), the Federal Ministry of Petroleum Resources, the Federal Ministry of Power and the Nigerian Electricity Regulatory Commission ("NERC"), activated the Central Bank Nigeria-Nigerian Electricity Market Stabilization Facility 1 ("CBN-NEMSF 1") contract under the Disco Disbursement Agreement. The stabilization fund was partly to resolve the sector "NESI" liquidity issues. As such, intervention was determined for all market participants based on MYTO.

The Central Bank Nigeria - Nigerian Electricity Market Stabilization Facility ("CBN-NEMSF") is secured on the Company's collections from the sale of energy as first line charges. Interest rate charged on the facility is at 9% per annum.

The first drawdown of NGN 289 million on the loan was in 2018 and an additional NGN 6.5 billion was disbursed

Notes to the financial statements (cont'd)**For the year ended 31 December 2024**

under the facility in 2022. In accordance with the agreement, the loan is due to mature in January 2028.

(b) CBN-NEMSF 2

In 2020, the Nigerian Electricity Supply Industry ("NESI"), the Central Bank of Nigeria ("CBN"), the Federal Ministry of Petroleum Resources, the Federal Ministry of Power and the Nigerian Electricity Regulatory Commission ("NERC"), activated the Central Bank Nigeria-Nigerian Electricity Market Stabilization Facility 2 ("CBN-NEMSF 2") contract under the Disco Disbursement Agreement. The stabilization fund was partly to resolve the sector "NESI" liquidity issues. As such, intervention was determined for all market participants based on MYTO.

The Central Bank Nigeria - Nigerian Electricity Market Stabilization Facility 2 ("CBN-NEMSF 2") is secured on the Company's collections from the sale of energy as first line charges. During the year, the second to fourth drawdowns of NGN 2.5 billion (2023:NGN 1.09 billion) was disbursed to the Company under the facility. Interest rate charged on the facility is at 9% per annum. In accordance with the agreement, the loan is due to mature in December 2030

(c) CBN-NMMP

The CBN-NMMP loan is the mass metering programme that involves the supply of Prepaid meters to the customers at no cost to them. The programme is to replace the previous Meter Asset Procurement (MAP) program where customers pay for their meters.

Under this arrangement, disbursement for procurement of the meters is made directly to the meter vendors by the CBN on behalf of the Company with a first line charge on the Company's cash collections as security for repayment. During the year, the Company received a second disbursement of NGN 1.3 billion under the facility. In accordance with the agreement, the loan is due to mature in November 2030.

(d) QENL Loan

On 30 December 2021, the Company obtained and drew down an unsecured facility of NGN 2.48 billion from Quest Electricity Nigeria Limited (QENL), its parent company, to meet certain obligations of the Company to labour unions and employees disengaged as part of the restructuring exercise prior to the take over of the Company by QENL. The facility is a 1-year and 4 months facility with an interest rate of NIBOR + 4% and a moratorium of 365 days on interest repayment from the date of first disbursement. The loan matured on 30 April 2023 and was repayable in full, principal plus any unpaid accrued interest.

On 01 May 2023, the loan was restructured to extend the maturity date to 01 March 2033, revise the principal to include the intercompany payable of NGN 2.85 billion to QENL as at 30 April 2023, amend the contractual interest rate from NIBOR + 4% to 5%, waive the penalty chargeable in event of default, make an additional NGN 200 million available for drawdown and grant moratorium of 1 and 5 years on interest and principal repayments respectively. The Company drew down on the additional NGN 608.90 million during the year.

The additional drawdown resulted in the recognition of NGN 370.88 million as capital contribution being day-one gain arising from recognizing the new loan at fair value (2023: NGN 2.78 million). See Note 21(b).

(e) Spillgate Loan

The Company has two facilities with SpillGate Investment Limited (SPIL):

- The first facility is a short-term facility of NGN 1 billion and was obtained on 30 July 2022 to finance capital expenditure. The facility is a 1-year facility with a 20% premium and repayable in monthly instalments of NGN 100 million over the tenor. The loan is secured through an irrevocable standing order on one of the Company's bank accounts in a commercial bank and in the event that the Company fails to repay the loan amount and accrued interest at the expiration date, SPIL shall be at liberty to call in the standing order and retain the proceeds therefrom up to the value of the loan amount, in satisfaction of same.

On 17 August 2023, the loan terms were renegotiated between SPIL and the Company. The revised agreement extended the maturity date to 30 July 2024, made an additional NGN 200 million available for drawdown, and granted a five-month moratorium on principal repayments, including those outstanding prior to the renegotiation.

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

During the year, on 30 July 2024, the loan was renegotiated again. An addendum was agreed upon by both parties to extend the maturity date to 31 March 2026, maintaining the same interest rate. The revised terms also include a nine-month interest moratorium and a fourteen-month principal moratorium.

- The second facility is a short-term facility of NGN 650 million and was obtained on 31 October 2023 to finance working capital needs. The facility is a 1-year facility with a 20% premium and repayable in monthly instalments of NGN 65 million over the tenor. The loan is secured through an irrevocable standing order on one of the Company's bank accounts in a commercial bank and in the event that the Company fails to repay the loan amount and accrued interest at the expiration date, SPIL shall be at liberty to call in the standing order and retain the proceeds therefrom up to the value of the loan amount, in satisfaction of same. The Company fully paid the loan facility during the year.

(f) Commercial bank loans

During 2023, the Company obtained two short-term facilities from a commercial bank to finance advance payments to its vendors. The first facility is a NGN 1.46 billion, 12-month facility with a 14% interest rate per annum with an upfront management fee of 0.5%. The second facility is a NGN 2.18 billion, 12-month facility with a 20% interest rate per annum with an upfront management fee of 0.75%. The interest rates are subject to review in line with prevailing market conditions. The loans are secured through a lien on Mainstream Energy Solutions Limited's bank accounts with the commercial bank. As at 31 December 2024, both loan facilities were fully paid.

(g) Reconciliation of movements of liabilities to cash flows arising from financing activities

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Balance at 1 January	14,838,236	10,865,819
<u>Changes from financing cash flows</u>		
Proceeds from loans and borrowings	4,495,989	5,784,585
Transaction costs (Note 23(f))	-	(25,442)
Repayment of principal	(5,070,063)	(2,661,999)
<u>Changes in fair value</u>		
Fair value gain on initial recognition of related party loans (Note 21(b))	(370,883)	(2,778,594)
Day-1 fair value gain on initial recognition of CBN loans (Note 24(c))	(1,357,057)	(247,870)
<u>Other changes</u>		
Interest expenses (Note 9)	2,696,487	2,389,772
Repayment of interest	(1,860,795)	(1,339,296)
Transfer from related parties payable (Note 27(b)(ii))	-	2,851,261
Balance at 31 December	13,371,914	14,838,236

Notes to the financial statements (cont'd)**For the year ended 31 December 2024****(h) Loan contractual schedule**

	Tenor	Amount of facility	Total drawdown	Amount available for drawdown	Payment made on interest and principal during the year ended
	Months	N'000	N'000	N'000	N'000
<i>at 31 December 2024</i>					
CBN-NEMSF 1 Loan	120	6,758,639	6,758,639	-	1,620,212
CBN-NEMSF 2 Loan	120	16,461,733	3,641,989	12,819,744	488,325
CBN-NMMP Loan	120	5,061,147	4,449,368	611,779	761,438
Commercial bank Loans	12	3,641,989	3,641,989	-	2,797,553
QENL Loan	120	6,286,456	6,286,456	-	450,000
SpillGate Loans	20	1,850,000	1,850,000	-	813,332
		40,059,964	26,628,441	13,431,523	6,930,860
<i>at 31 December 2023</i>					
CBN-NEMSF 1 Loan	120	6,758,639	6,758,639	-	1,618,785
CBN-NEMSF 2 Loan	120	16,461,733	1,092,597	15,369,136	125,577
CBN-NMMP Loan	120	5,061,147	3,111,669	1,949,478	547,025
Commercial bank loan	3	3,641,989	3,641,989	-	1,356,575
QENL Loan	16	5,677,557	5,677,557	-	-
SpillGate Loan	12	1,850,000	1,850,000	-	353,333
		39,451,065	22,132,451	17,318,614	4,001,295

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

24 Deferred Income

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Deferred income on government loans and borrowings (Note 24(a))	2,798,031	1,964,991
Deferred income on assets granted by government (Note 24(b))	855,881	911,124
	3,653,912	2,876,115
Deferred income is analysed into:		
Current portion	638,949	445,444
Non-current portion	3,014,963	2,430,671
	3,653,912	2,876,115

(a) Amount relates to the benefits derived by the Company from the low interest loans received from the Central Bank of Nigeria (CBN) (Notes 23 (a) - (c)). The difference between the fair value of these facilities and face value of the loans has been accounted for as government intervention and is amortized over the life of the loans. The amount amortised during the year is NGN 524.02 million (2023: NGN 377.26 million). (See Note 8)

(b) Amount relates to asset related government grant enjoyed by the Company. During the year, there were no new assets donated to the Company by the government (2023: 614.90 million).

In 2023, Niger Delta Power Holding Company Ltd. (NDPHC) granted the Company distribution equipment .

These assets are analysed as follows:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Assets deployed onto the network	-	709,700
Assets yet to be deployed	245,700	245,700

The deferred income on assets that have been deployed onto the network as at year end has been amortized over the useful lives of the assets and NGN 55.24 million (2023: 44.28) has been recognized during the year in 'Other Income.' See note 8.

(c) The movement in deferred income during the year was as follows:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Balance at 1 January	2,876,115	2,434,885
Additions from CBN loans (Note 23(g))	1,357,057	247,870
Additions from assets received from NDPHC (Note 24(b))	-	614,900
Amortization to profit or loss (Note 8)	(579,260)	(421,540)
Balance at 31 December 2024	3,653,912	2,876,115

Notes to the financial statements (cont'd)**For the year ended 31 December 2024****25 Provisions**

The movement in provisions during 2024 and 2023 respectively is, as follows:

	Legal N'000	Others N'000	Total N'000
Balance at 1 January 2023	-	-	-
Provisions made during the year (Note 25(a) & (b))	126,572	54,189	180,761
Balance at 31 December 2023	126,572	54,189	180,761
Provisions made during the year (Note 25(a) & (b))*	48,422	8,375	56,797
Provision utilised/reversed	(25,000)	(54,189)	(79,189)
Balance at 31 December 2024	149,994	8,375	158,369
Amount is analysed into:			
Current	149,994	8,375	158,369
Non-current	-	-	-
	149,994	8,375	158,369

(a) Legal

The provision for legal relates to litigations and claims the Company is involved in at year end. Provision for legal takes into consideration an independent assessment performed by the Company's legal solicitors engaged to represent the Company on those cases. The Company expects to settle the liability over the next year.

(b) Others

Others relates to the regulatory deduction imposed by NERC via order NERC/2024/096 for the Company's non-compliance with the Order on Capping of Estimated Bills to Unmetered Customers for the period of July - August 2024 (2023: January - September 2023)

26 Contingent liabilities**(a) Transfer of pre-handover liabilities and trade receivables**

As part of the privatisation initiative and the restructuring of the Nigerian power sector, NELMCO was established to take over and manage the stranded assets and liabilities in the Power sector. As a result, all trade receivables and the liabilities of the Company as at 01 January 2022 were derecognized and transferred to NELMCO under relevant Pre-Handover Liabilities and Receivables Transfer Agreement. Although the Company and NELMCO are yet to agree on the individual trade debtors and liabilities transferred, the directors, based on independent legal advice obtained as well as their understanding of the Share Purchase Agreement between QENL, BPE and the Ministry of Finance Incorporated are of the opinion that all liabilities (crystallised or contingent) as at 01 January 2022 have been effectively transferred. As such, the Company will neither realise those receivables in its own capacity or settle any liabilities incurred on or before 01 January 2022.

On this basis, a net debit of NGN 691 million which represents the net assets transferred has been recorded in equity as it represents a shareholder contribution to the Company. Any difference between the amounts transferred per these financial statements and those to be agreed to by NELMCO may result in an increase or decrease to the net amount recorded in equity.

Notes to the financial statements (cont'd)**For the year ended 31 December 2024****(b) Pending litigation and claims**

There are certain lawsuits pending against the Company in various courts of law. The total contingent liabilities in respect of pending litigations as at 31-Dec-2024 is NGN 11.77 million (31-Dec-2023: 16.77 million). Based on independent legal advice, the directors are of the opinion that no material loss is expected to arise from these claims and as such, no provision has been recorded with respect to these claims.

27 Related parties disclosures**(a) Parent and ultimate controlling party**

Effective 1 January 2022, a majority of the Company's shares was acquired by Quest Electricity Nigeria Limited from Bureau of Public Enterprises - BPE and Ministry of Finance Incorporated - MOFI. Consequently, the Company's parent is Quest Electricity Nigeria Limited. The ultimate controlling party of the Company is Mainstream Energy Solutions Limited, a company incorporated in Nigeria.

(b) Related party relationships and transactions

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

i Mainstream Energy Solutions Limited

Mainstream Energy Solutions Limited (MESL), a company incorporated in Nigeria, operates in the power sector and its principal activity is to own and operate power plants for the generation of electric power in Nigeria. MESL is the ultimate parent company of the Company following the acquisition of a majority stake of 60% in the equity of the Company by Quest Electricity Nigeria Limited, a wholly owned subsidiary of MESL. During the year, MESL provided foreign currencies to the Company to settle its foreign currency denominated liabilities. Total funds provided was USD 550 thousands (2022: USD 1.6 million). The Company repaid NGN 760 million (2023: NGN 1.19 billion) during the year and amount due to MESL as at year end is NGN 78 million (2023: NGN 78 million).

In addition, MESL backed a payment guarantee facility of NGN 1.055 billion issued by a Nigerian bank on behalf of the Company in favor of the Nigerian Bulk Electricity Trading Plc (NBET). This is intended to guarantee payment on minimum remittance obligations on market invoices from NBET and secured by a lien on 100% cash collateral on MESL's account with the bank. The tenor of the guarantee is one year, with a maturity date of September 2024.

ii Quest Electricity Nigeria Limited

On 1 January 2022, Quest Electricity Nigeria Limited (QENL) gained control of the Company following the acquisition of a majority stake of 60% in the equity of the Company. On 30 December 2021, QENL provided a loan facility of NGN 2.48 billion to the Company to meet certain obligations of the Company to labour unions and employees disengaged as part of the restructuring exercise prior to the take over of the Company by QENL (Note 23(d)).

On 01 May 2023, the loan was restructured to extend the maturity date to 01 March 2033, revise the principal to include the intercompany payable of NGN 2.85 billion for items and services paid by QENL on behalf of the Company as at 30 April 2023 amongst other revisions to the original terms of the loan. During the year, the Company had an additional drawdown of NGN 608.90 million. Interest expense charged on the loan during the year was NGN 597.67 million (2023: 376.94 million). See Note 23(d) for more details.

iii Societe Nigerienne D'Electricite

During the year, the Company renewed the Technical Services agreement with Societe Nigerienne D'Electricite (NIGELEC), a utility company incorporated in Republic of Niger for the provision of local, top level and expatriate staff to enable the Company meet the performance standards in the Performance Agreement. Such technical services includes those geared towards the reduction of Aggregate Technical, Commercial and Collection Losses, revenue cycle management, e.t.c.

Total costs incurred by the Company with respect to the services provided for the year was NGN 1.41 billion (USD 0.86 million). Amount due to NIGELEC as at year end is NGN 3.59 billion (USD 2.15 million) (2023: 2.20 million (USD 2.31 million)).

Notes to the financial statements (cont'd)**For the year ended 31 December 2024****iv Spillgate Trading and Investment Limited**

Spillgate Trading and Investment Limited (SPIL), a company incorporated in Nigeria, is a special purpose entity established to acquire and hold for investment purposes and maintain shares, stock, debenture stock, bonds, promissory notes and several other investment type. It is a wholly owned subsidiary of MESL.

The Company had two short-term facilities from SpillGate Trading and Investment Limited (SPIL), to finance capital expenditure and meet working capital needs (Note 23(e)). Total interest on the loan was NGN 220.09 million (2023: 235.72 million). During 2024, the Company fully paid the loan for one of the loan facilities. There were no other transactions between SPIL and the Company during the year.

v Rhossili International Limited

Rhossili International Limited (Rhossili), a company incorporated in Nigeria, is a registered pole manufacturing company in partnership with technical partners from Morocco to establish a reinforced pole manufacturing plant. The plant will provide a steady supply of poles for the Company as it overhauls/rehabilitates its distribution network infrastructure.

During the year, the Company paid for items/materials required for the pole plant on behalf of Rhossili. Total payments made amounted to NGN 645.35 million (2023: 632.09). The payments made in 2023 have been treated by the directors as the Company's investment in Rhossili (See Note 14).

However, in 2024, the payments were made as an intercompany transaction, which Rhossili repaid to the extent of NGN 483.51 million, resulting in a receivable of NGN 161.84 million as at year end (2023: Nil) (see Note 16).

vi Mainstream Foundation

Mainstream Foundation, a corporate social responsibility arm of Mainstream Energy Solutions Limited (MESL), is incorporated in Nigeria to express MESL's commitment to supporting its host communities. During the year, Mainstream Foundation donated NGN 30 million to the Company to compensate victims of the Taraba electrocution incident that occurred in 2023. There were no other transactions between Mainstream Foundation and the Company during the year.

(c) Due to related parties

	31-Dec-2024	31-Dec-2023
	N'000	N'000
<u>Loans</u>		
Quest Electricity Nigeria Limited (Note 23(d))	3,621,574	3,235,897
SpillGate Investment and Trading Limited (Note 23(e))	899,346	1,515,112
	4,520,920	4,751,009
<u>Other payables</u>		
Mainstream Energy Solutions Limited	78,000	78,000
Societe Nigerienne D'Electricite	3,593,305	2,199,486
Payable to Directors	166,523	103,610
	3,837,828	2,381,096
	8,358,748	7,132,105

(d) Due from related parties

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Rhossili International Limited	161,836	-
	161,836	-

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

(e) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management of the Company include the Directors, senior management personnel of the Company such as the General Managers, Chief Operating and Technical Officers.

Mainstream Energy Solutions Limited, the ultimate parent company, seconded some of the key management personnel to the Company and bears the remuneration costs of these personnel at no cost to the Company. However, the Company pays these personnel secondment allowances as disclosed below to the seconded staff.

Key management personnel compensation comprised:

Directors	2024	2023
	N'000	N'000
Fees (Note 28)	192,222	85,100
Other expenses (Note 28)	162,024	137,370
	354,246	222,470
Other key management personnel		
Secondment allowances	55,100	57,500
	55,100	57,500

Loans to key management personnel

During the year ended 31 December 2024, loans issued to key management personnel was Nil (2023: Nil) and the balance outstanding was Nil (2023: Nil).

28 Information regarding directors and employees

Directors	2024	2023
	N'000	N'000
Directors' emoluments comprise:		
Fees	192,222	85,100
Other emoluments	162,024	137,370
	354,246	222,470
Amount payable at year end	166,523	103,610

The directors' remuneration shown above includes:

	2024	2023
	N'000	N'000
Chairman	30,048	26,175
Highest paid director	36,467	33,905

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

The other directors received remuneration in the following ranges:

	2024	2023
	Number	Number
Between NGN 4,000,000 and NGN 10,000,000	-	1
Between NGN 10,000,000 and NGN 20,000,000	2	-
Between NGN 20,000,000 and NGN 30,000,000	-	6
Between NGN 30,000,000 and NGN 40,000,000	7	2
	9	9

Employee benefit expenses during the year comprise:

	2024	2023
	N'000	N'000
Salaries and wages	2,776,586	1,858,136
Employer pension contributions	95,467	74,289
Discretionary bonus	-	98,571
Termination benefits*	4,151	7,832
Medical expenses	89,777	108,268
ITF and NSITF	44,553	37,518
Staff relocation allowances	-	30,900
Other staff costs	122,758	535,491
	3,133,292	2,751,005

* Amount represents benefits due to employees whose employment were terminated by the Company.

Employee benefit expenses is split as

	2024	2023
	N'000	N'000
Technical and operations staff (Note 7(a))	1,757,042	1,548,222
Finance and admin staff (Note 7(b))	1,376,250	1,202,783
	3,133,292	2,751,005

The average number of full time persons employed (other than executive directors) by the Company during the year was as follows:

	2024	2023
	Number	Number
Finance	29	29
Administrative	61	55
Operations	537	541
	627	625

Notes to the financial statements (cont'd)**For the year ended 31 December 2024**

Employees of the Company, other than directors, whose duties were wholly or mainly discharged in Nigeria received remuneration (excluding pension costs, medical expenses and other staff costs) in the following ranges:

	2024	2023
	Number	Number
Below NGN 1,000,000	1	3
NGN 1,000,001 - NGN 2,000,000	95	152
NGN 2,000,001 - NGN 3,000,000	264	245
NGN 3,000,001 - NGN 4,000,000	132	113
NGN 4,000,001 - NGN 5,000,000	62	55
NGN 5,000,001 - NGN 6,000,000	28	24
Above NGN 6,000,001	45	33
	627	625

29 Financial instruments - fair values and risk management**(A) Accounting classification and fair values**

In the opinion of the Directors, the carrying amounts of financial instruments as stated below approximate their fair values. The Company's financial instruments are categorised as follows:

As at 31 December 2024		Financial assets at amortized costs	Other financial liabilities	Total
	Note	N'000	N'000	N'000
Financial assets not measured at fair value				
Cash and cash equivalents	18	1,986,253	-	1,986,253
Trade and other receivables*	16	15,061,234	-	15,061,234
		17,047,487	-	17,047,487
Financial liabilities not measured at fair value				
Trade and other payables**	22	-	(10,191,594)	(10,191,594)
Loans and borrowings	23	-	(13,371,914)	(13,371,914)
		-	(23,563,508)	(23,563,508)

* Amount excludes advance payment for property, plant and equipment.

** Amount excludes statutory deductions.

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

As at 31 December 2023

		Financial assets at amortized costs	Other financial liabilities	Total
	Note	N'000	N'000	N'000
Financial assets not measured at fair value				
Trade and other receivables*	16	14,657,356	-	14,657,356
Cash and cash equivalents	18	1,607,594	-	1,607,594
		16,264,950	-	16,264,950
Financial liabilities not measured at fair value				
Trade and other payables**	22	-	(8,829,232)	(8,829,232)
Loans and borrowings	23	-	(14,838,237)	(14,838,237)
		-	(23,667,469)	(23,667,469)

* Amount excludes advance payment for property, plant and equipment.

** Amount excludes statutory deductions

(B) Financial risk management

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

- credit risk
- liquidity risk
- market risk

Risk management framework

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain 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.

(a) Credit risk

The Company is exposed to both settlement risk defined as the risk of a counterparty failing to pay for energy and/or services which have been delivered. Credit risk is mitigated by active engagement and reconciliation of energy supplied to the customers and promotion of compliance with the MYTO agreement. Credit risk is an activity managed by the Directors with all relevant stakeholders to ensure reduced impact on provisioning policy. The allowance for doubtful debts is analysed at each reporting date and this is estimated by management taking into account future cash flows, prior experience, ageing analysis and an assessment of the current economic climate within which the company operates. The maximum exposure to credit risk in respect of trade receivables is the carrying value of the trade receivables at the reporting date. The carrying value of trade receivables is stated net of the allowance for recoverability provision.

The credit risk on liquid funds and non-derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies and related companies.

The carrying amount of financial assets represents the Company's maximum credit exposure, which as at the

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

reporting date, was as follows:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Trade receivables, net (Note 16)	11,940,294	11,419,394
Receivables from NBET (Note 16 (a))	723,631	1,447,350
Other receivables (Note 16 (b))	843,537	843,537
Feeder Accounts balance (Note Note 16 (c))	1,040,312	799,590
Related party receivables (Note 27(d))	161,836	-
Meter Acquisition Fund balance (Note Note 16 (d))	351,624	-
Cash and cash equivalents* (Note 18)	1,984,698	1,572,784
	17,045,932	16,082,655

*The carrying amount of cash and cash equivalents excludes amounts held as cash in hand

Collateral held as security and other credit enhancements

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk as no collateral or other credit enhancements are held.

Impairment losses on financial assets and contract assets recognised in profit or loss were as follows:

	2024	2023
	N'000	N'000
Impairment loss on trade receivables	12,036,179	16,517,020
	12,036,179	16,517,020

(i) Trade receivables

The Company's exposure to risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry in which customers operate.

The Company has a large customer base within its licensed area of supply thereby reducing its concentration of credit risk. To further mitigate credit risk, the Company is continually increasing the share of prepaid customers in its portfolio. The Company's exposure to credit risk is influenced by the characteristics of each category of customers. In monitoring credit risk, customers are grouped according to common credit risk characteristics – geographic region, metering status and volume of consumption. No security is provided for the electricity supplied though the Company retains the right to disconnect non paying customers to enforce collections.

The Company does not require collateral in respect of trade and other receivables. The company does not have trade receivable for which no loss allowance is recognised because of collateral.

At 31 December 2024, the exposure to credit risk for trade receivables by consumption was as follows:

	2024	2023
	N'000	N'000
Government institutions	6,742,842	5,150,978
Maximum demand customers	4,225,143	2,649,208
Non-maximum demand customers	36,111,082	26,721,802
Gross carrying amount	47,079,067	34,521,988
Loss allowance	(35,138,773)	(23,102,594)
Net carrying amount	11,940,294	11,419,394

Notes to the financial statements (cont'd)**For the year ended 31 December 2024***Expected credit loss assessment for customers*

The Company uses an allowance matrix to measure the expected credit losses (ECLs) of trade receivables from customers. Loss rates are calculated using a 'transition matrix' method based on the probability of a receivable progressing through successive stages of delinquency to write-off.

Loss rates are based on actual credit loss experience over the past two years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables. Scalar factors are based on actual and forecast gross domestic product rates.

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2024:

31 December 2024 <i>In thousands of Naira</i>	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current	15.57%	9,171,725	(1,428,134)	No
1 - 60 days past due	23.47%	2,666,978	(626,072)	No
61 - 120 days past due	78.97%	1,951,761	(1,541,364)	No
121 - 180 days past due	82.57%	3,409,904	(2,815,540)	No
181 - 240 days past due	85.94%	3,545,020	(3,046,519)	No
241 - 300 days past due	88.93%	3,588,831	(3,191,411)	No
301 - 360 days past due	92.08%	3,222,395	(2,967,280)	No
More than 360 days past due	100.00%	19,522,453	(19,522,453)	Yes
		47,079,067	35,138,773	

The following table provides information about the exposure to credit risk and ECLs for trade receivables from customers as at 31 December 2023:

31 December 2023 <i>In thousands of Naira</i>	Weighted average loss rate	Gross carrying amount	Loss allowance	Credit impaired
Current	15.54%	10,145,143	(1,576,278)	No
1 - 60 days past due	77.13%	4,262,739	(3,288,021)	No
61 - 120 days past due	81.50%	4,626,463	(3,770,384)	No
121 - 180 days past due	85.71%	4,135,283	(3,544,455)	No
181 - 240 days past due	90.28%	3,061,182	(2,763,651)	No
241 - 300 days past due	94.39%	1,973,950	(1,863,241)	No
301 - 360 days past due	98.82%	1,758,531	(1,737,867)	No
More than 360 days past due	100.00%	4,558,697	(4,558,697)	Yes
		34,521,988	23,102,594	

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

Movements in the allowance for impairment in respect of trade receivables

	2024	2023
	N'000	N'000
Balance at 1 January	23,102,594	6,585,574
Net remeasurement of loss allowance	12,036,179	16,517,020
Balance at 31 December	35,138,773	23,102,594

(ii) Receivables from NBET

The Company has receivables due from the Nigerian Bulk Electricity Trading Plc in respect of excess payments made on minimum remittance obligations during the year. The Company has not recognized an impairment allowance on this receivable as the Company buys electricity from NBET and expects to offset this amount against future amounts owed to NBET and expects to offset this amount against future amounts owed to NBET.

(iii) Other receivables

The Company has receivables due from the Nigerian Electricity Liability Management Company (NELMCO) in respect of payments made on debts to NBET and MO for November and December 2021. The Company has not recognized an impairment allowance on this receivable as the Company has a liability of NGN 1.92 billion to NELMCO as cash collections received from customers in respect of the legacy debts which had been transferred to NELMCO in line with the deed of assignment of precompletion receivables as well as cash balances at 31 December 2021.

(iv) Feeder Accounts balance

The Company has bank balances amounting to NGN 1.04 billion at 31 December 2024 (2023: 799.59 million) in its Feeder Collections accounts with restrictions on the use of these balances as part of the requirement for the CBN - NEMSF and CBN - NMMP facilities. These balances can only be transferred into the Company's Principal Collection Account and cannot be used for no other purpose. The Company has not recognized an impairment allowance on these balances as the cash reside with banks that have good credit ratings ranging from AAA to BBB- rating based on Fitch, and Augusto & Co.

(v) Meter Acquisition Fund balance

The Company has cash amounting to NGN 351.62 million at 31 December 2023 (2023: - million) sequestered in its Principal Collection Account which was restricted for use as it represented the Company's contribution to the Meter Acquisition Fund initiative by NERC. The Company has not recognized an impairment allowance on this balance as the cash reside with a bank that has a good credit rating of B based on Fitch.

(vi) Cash at bank

The Company held cash and cash equivalents of NGN 1.98 billion at 31 December 2024 (2023: NGN 1.57 billion). The cash and cash equivalents are held with bank and reputable financial institutions in Nigeria.

Impairment on cash and cash equivalents has been measured on a 12-month expected loss basis and reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

(vii) Related party receivables

The Company has receivables due from Rhossili International Limited amounting to NGN 161.84 million in respect of payments made on behalf of Rhossili for items and materials required for the reinforced pole manufacturing plant. Impairment on the receivables from has been measured by assessing the sufficiency of the net assets of the related party Company to determine the ability of the counterparty to settle on demand. The Company has not recognized an impairment allowance on this balance.

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

(b) Liquidity risk

Liquidity risk is the risk associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Ultimate responsibility for liquidity risk management rests with the Board of Directors, who has built a liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company maintains adequate liquid reserves, by monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Company closely monitors and manages its liquidity risk. Cash forecasts are regularly produced and sensitivity run for different scenarios including, but not limited to, changes in Energy Tariff and changes in distribution class and status of customers. The Company also continues to intensify efforts to collect its trade receivables.

Notes to the financial statements (cont'd)**For the year ended 31 December 2024***Exposure to liquidity risk*

The following are the contractual maturities of the Company's non-derivative financial liabilities at the reporting date. The amounts are based on undiscounted cashflows and the earliest date on which the Company can be required to pay:

		Contractual cash flows						
Non-derivative financial liabilities		Carrying amount	Total	2 months or less	2 - 12 months	1 - 2 years	2 - 5 years	Above 5 years
Note		N'000	N'000	N'000	N'000	N'000	N'000	N'000
31 December 2024								
Trade and other payables*	22	15,337,712	15,337,712	15,337,712	-	-	-	-
Loans and borrowings	23	13,371,914	23,158,421	1,498,412	3,258,893	3,467,938	8,983,974	5,949,204
		28,709,626	38,496,133	16,836,124	3,258,893	3,467,938	8,983,974	5,949,204
31 December 2023								
Trade and other payables*	22	12,782,161	12,782,161	12,782,161	-	-	-	-
Loans and borrowings	23	14,838,237	24,383,810	1,424,188	5,881,899	2,758,497	7,115,164	7,204,062
		27,620,398	37,165,971	14,206,349	5,881,899	2,758,497	7,115,164	7,204,062

*Amount excludes statutory deductions

Notes to the financial statements (cont'd)**For the year ended 31 December 2024****(c) Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Company manages market risks by keeping costs low through various cost optimization programs. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

Currency risk

The Company is exposed to currency risk on cash and cash equivalents held and payment of expatriates within the Company's employ. These transactions are denominated in a currency other than its functional currency, the Naira. The currency in which these transactions are primarily denominated is the US Dollar (USD). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on foreign transactions. The Company has no export sales, thus the exposure to currency risk in that regard is non-existent.

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

Exposure to currency risk

The Company's transactional exposure to US dollar (\$) was based on notional amounts as follows:

	31-Dec-2024	31-Dec-2023
<i>in thousands</i>	USD	USD
Financial assets		
Cash and cash equivalents	10	10
Financial liabilities		
Related party payables	(2,295)	(2,311)
Other payables	(548)	(420)
Net statement of financial position exposure	(2,833)	(2,721)

The following significant exchange rates have been applied during the year:

	Average rates		Reporting date spot rate	
<i>Naira</i>	31-Dec-2024	31-Dec-2023	31-Dec-2024	31-Dec-2023
USD 1	1,495.95	649.63	1,549.00	951.79

Sensitivity analysis

A strengthening (weakening) of the Naira, as indicated below, against the US Dollar at 31 December 2024 have increased/(decreased) profit or loss by the amounts shown below. This analysis includes only outstanding foreign currency denominated monetary items, which are bank balances, and trade and other payables. The analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period and assumes that all other variables, in particular interest rates, remain constant.

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

Effects in thousands of Naira

31 December 2024

	Profit or loss	
	Strengthening	Weakening
USD (40% movement)	1,755	(1,755)

A weakening of the naira against the above currencies would have had the equal but opposite effect on the above currencies to the magnitude of the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk

The Company is exposed to fluctuations in interest rates on borrowings. The Company actively monitors interest rate exposures on its investment and borrowings so as to minimise the effect of interest rate fluctuations on the income statement. The risk on borrowings is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Exposure to interest rate risk

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

	31-Dec-2024 N'000	31-Dec-2023 N'000
Fixed-rate instruments		
Loans and borrowings (Note 23)	(13,371,914)	(12,221,949)
	(13,371,914)	(12,221,949)
Variable-rate instruments		
Loans and borrowings (Note 23)	-	(2,616,288)
Trade payables (Note 22)	-	-
	-	(2,616,288)

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for fixed rates financial assets or financial liabilities at fair value through profit or loss, as such, a change in interest rates at the reporting date would not affect the profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

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

	Profit or loss	
	100 bp increase	100 bp decrease
Effects in thousands of Naira		
31 December 2024		
Variable-rate instruments	-	-
Cash flow sensitivity (net)	-	-
31 December 2023		
Variable-rate instruments	(26,163)	26,163
Cash flow sensitivity (net)	(26,163)	26,163

Notes to the financial statements (cont'd)

For the year ended 31 December 2024

(C) Capital Management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Company is not subject to externally imposed capital requirements. Management monitors capital using a ratio of "adjusted net debt" to "adjusted equity". For this purpose, adjusted net debt is defined as total liabilities less cash and cash equivalents. Total equity comprises all components of equity on the statement of financial position.

The Company's net debt to equity ratio at the end of the reporting year was as follows:

	31-Dec-2024	31-Dec-2023
	N'000	N'000
Total liabilities	46,619,579	45,945,429
Less: cash and cash equivalents (Note 18)	(1,986,253)	(1,607,594)
Net debt	44,633,326	44,337,835
Total equity	30,690,833	34,272,459
Net debt to equity ratio	1.45	1.29

30 Non-audit services provided by KPMG Professional Services

KPMG Professional Services did not provide any non-audit service to the Company during the year (2023: Nil).

31 Events after the reporting date

a) Order on the Delineation of Assets and Liabilities of Distribution Licensees

On 28 March 2025, the Nigerian Electricity Regulatory Commission (NERC) issued the Order which outlines the framework for the transition of regulatory oversight from NERC to State Electricity Regulatory Commissions or Bureaus (SERCs/SERBs) in line with the Electricity Act 2023.

This Order mandates Distribution Companies (DisCos) to delineate their assets and liabilities along state boundaries and prepare for the transfer of operational and regulatory responsibilities to new state-level entities (SubCos) in states where a SERC or SERB has been established.

However, this development does not yet apply to the Company, as none of the states within its licensed coverage area—Adamawa, Borno, Taraba, and Yobe state—have established a SERC or SERB as at the date of this report. Consequently, there is no immediate impact on the Company's regulatory oversight or operational arrangements arising from the Order.

Other National Disclosures

Value Added Statement

As at

	31-Dec-2024		31-Dec-2023	
	N'000	%	N'000	%
Revenue	31,319,022		38,422,501	
Bought in materials and services				
- Imported	-		-	
- Local	(24,697,619)		(30,783,130)	
	6,621,403		7,639,371	
Other income	996,495		828,513	
Finance income	27,399		61,724	
	7,645,297	100	8,529,608	100
Distributed as follows:				
To Government				
Taxation	1,297,877	17	425,614	5
To Employees				
Salaries, wages and allowances	1,730,496	23	1,425,253	17
To Providers of Finance				
Finance cost	3,793,408	49	3,336,384	38
Maintenance of assets and future expansion				
For replacements of assets	4,690,348	61	4,420,643	53
Amortisation of intangible assets	85,676	1	81,910	1
Retained in the business	(3,952,508)	(52)	(1,160,196)	(14)
Value added	7,645,297	99	8,529,608	100

FIVE YEAR FINANCIAL SUMMARY

As at

	31-Dec-2024 N'000	31-Dec-2023 N'000	31-Dec-2022 N'000	31-Dec-2021 N'000	31-Dec-2020 N'000
Statement of financial position					
Assets					
Property, plant and equipment	58,890,347	61,368,612	56,360,886	2,226,232	1,561,902
Intangible assets	655,654	713,502	776,305	2,858	7,373
Other non-current assets	671,572	1,864,055	386,544	-	-
Current assets	17,092,839	16,271,719	12,861,258	23,383,575	52,585,991
	77,310,412	80,217,888	70,384,993	25,612,665	54,155,266
Capital and liabilities					
Non-current liabilities	16,483,673	19,065,773	21,245,547	23,434,522	160,503
Current liabilities	30,135,906	26,879,656	16,485,384	3,128,459	132,014,215
Share capital	5,000	5,000	5,000	5,000	5,000
Federal Government Grant - Tangible assets	3,982,218	3,611,336	832,743	832,743	832,743
Accumulated deficit	(6,062,085)	(2,109,577)	(949,381)	(1,788,059)	(78,857,195)
Revaluation reserves	32,765,700	32,765,700	32,765,700	-	-
Total Equity and Liabilities	77,310,412	80,217,888	70,384,993	25,612,665	54,155,266
Statement of profit or loss and other comprehensive income					
Revenue	31,319,022	38,422,501	24,952,033	17,793,993	17,091,702
Profit/(loss) before taxation	(5,250,385)	(1,585,810)	2,183,744	77,692,922	(3,650,308)
Taxation	1,297,877	425,614	(654,169)	(623,768)	(42,460)
Profit/(loss) for the year	(3,952,508)	(1,160,196)	1,529,575	77,069,136	(3,692,788)
Other comprehensive income	-	-	32,765,700	-	-
Total comprehensive (loss)/gain	(3,952,508)	(1,160,196)	34,295,275	77,069,136	(3,692,788)