KADUNA ELECTRICITY DISTRIBUTION PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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Company Registration No.	RC 638640	
Registered Office	1/2, Ahmadu Bello Way, Kaduna Kaduna State Nigeria	
Directors	Abbas Mohammed Jega (Chairman)	Resigned on January 1,2024
	Umar Abdullahi	Resigned on January 1,2024
	Aminu Abubakar Suleiman	Resigned on January 1,2024
	Marlene Ngoyi	Resigned on January 1,2024
	Yusuf Usman Yahaya (Managing Director/Chief Executive Officer)	Resigned on January 1,2024
	Alex Okoh	Resigned on January 1,2024
	Rahila Thomas (Chairman)	Appointed on January 26, 2024/Resigned July 12, 2024
	Sharfuddeen Z. Mahmoud	Appointed on January 1, 2024/Resigned July 12, 2024
	Engr. John O. Ayodele	Appointed on January 26, 2024/Resigned July 12, 2024
	Dr. Kabir Adamu	Appointed on January 1, 2024/Resigned July 12, 2024
	Aminu Abubakar Suleiman (Chairman)	Appointed on July 12, 2024
	Charles Nyamali	Appointed on July 12, 2024
	Ibrahim Musa Umar	Appointed on July 12, 2024
	Ibrahim Zakari	Appointed on July 12, 2024
	Rhino Ikhide	Appointed on July 12, 2024
	Dr. Umar Hashidu Abubakar (Managing Director/Chief Executive Officer)	Appointed on January 1,2024
Company Secretary	Fatima Aminu Abdulfatah 1/2, Ahmadu Bello Way Kaduna State Nigeria	
Legal Adviser	Genesis Zinnass 1/2, Ahmadu Bello Way Kaduna State Nigeria	
Auditors	PricewaterhouseCoopers FF Millenium Towers 13/14 Ligali Ayorinde Street Victoria Island, Lagos.	
Bankers	Bunkasa Microfinance Bank Limited Polaris Bank Limited Fidelity Bank Plc. First Bank Plc. Guaranty Trust Bank Plc. Union Bank Plc. United Bank for Africa Plc. Unity Bank Plc. Zenith Bank Plc.	

The directors hereby submit their report together with the audited financial statements of the Company for the year ended 31 December 2023.

Incorporation and address

Kaduna Electricity Distribution Plc ("the Company") was incorporated in Nigeria on 9 November 2005 under the Companies and Allied Matters Act as a private limited liability company, and is domiciled in Nigeria. The address of the registered office is:

1/2, Ahmadu Bello Way, Kaduna
Kaduna State
Nigeria.

Principal activities

The principal activities of the Company are the distribution and retail of electricity to households, commercial and industrial customers within the franchise areas of Kaduna, Sokoto, Zamfara and Kebbi States.

Results for the year

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

	31 December 2023 ₦'000	31 December 2022 ₦'000
Revenue	45,565,729	65,494,761
Profit/(loss) before tax	25,928,555	(69,156,819)
Taxation	(3,506,465)	-
Profit/(loss) for the year	22,422,090	(69,156,819)

Directors

The names of the board members at the date of this report and of those who held office during the financial year are as stated in Page 3 of these financial statements.

Board Committees

At the Board's meeting held on 23rd December 2014, the Board passed a resolution to approve the creation of three board committees as mandated by the Nigerian Electricity Regulatory Commission (NERC); namely: – Audit, Risk and Compliance Committee, Finance, Remuneration, Nomination and Corporate Governance Committee, Technical and Health, Safety, Environment Committee. The members of the committees that served during the year are as shown below:

Audit, Risk and Compliance Committee

Name	Status	12th January 2023	27th April 2023	26th July 2023	11th October 2023
Yunana Malo*	Chairman	X	X	X	X
Umar Abdullahi	Member	X	X	X	X
Engr Yusuf Usman Yahaya	Member	X	X	X	B

*Yunana Malo is a representative of the Bureau of Public Enterprise
Please note: X = Attended, and B = Absent

Finance, Remuneration, Nomination and Corporate Governance Committee

Name	Status	12th January 2023	27th April 2023	24th July 2023	12th October 2023
Umar Abdullahi	Chairman	X	X	X	X
Aminu Abubakar Suleiman	Member	X	X	X	X
Engr Yusuf Usman Yahaya	Member	X	X	X	X
Marelene Ngoyi	Member	B	B	X	B

Please note: X = Attended, and B = Absent

Technical and Health, Safety & Environment Committee

Name	Status	12th Jan 2023	26th April 2023	25th July 2023
Aminu Abubakar Suleiman	Chairman	X	X	X
Ignatius Ayewoh	Member	X	X	X
Engr Yusuf Usman Yahaya	Member	X	X	X

Please note: X = Attended, and B = Absent

All the board committees were able to meet to deliberate on issues within their control by the end of the financial year.

The attendance of directors at board meetings during the year was as follows:

Name	Designation	25th Jan 2023	28th March 2023	17th May 2023	31st July 2023
Abbas Mohammed Jega	Chairman	X	X	X	X
Aminu Abubakar Suleiman	Member	X	X	X	X
Umar Abdullahi	Member	X	X	X	X
Yunana Malo	Member	X	X	X	X
Engr Yusuf Usman Yahaya	Managing Director/CEO	X	X	X	X
Marelene Ngoyi	Member	X	B	B	B

Please note: X = Attended, and B = Absent

Sub Committee of the Board

The Board has established Committees consistent with NERC rules, each with written terms of references approved by the Board. Currently, there are five (5) sub-committees that have been approved.

- Finance, Remuneration, Nomination and Corporate Governance Committee

The primary objective of the Committee is to carryout oversight function on matters relating to or affecting the Company's financial direction and the development and implementation of necessary initiatives. The Committee is responsible for proffering independent recommendations to the Board on financial matters.

The Committee also has the following responsibilities:
- To provide oversight with respect to capital structure, cash flow and key financial ratios of the Company and make recommendations with respect to Company's financial policies.
- Review policies with respect to distributions to shareholders generally, make recommendations with respect to declaration of dividends and also recommend the repurchase of shares Company from time to time consistent with authority levels established by the Board
- Reviews the Company's liquidity position, including the Company's credit facilities.
- To review the Company's credit ratings and monitor its activities with respect to credit rating agencies.
- To review financial plan and make recommendations on behalf of the Board as part of its oversight functions.
- Periodically review the Company's investor relation's program, shareholder profile and analyst coverage.
- To assist the Board in fulfilling its responsibilities relating to managing the financial activities of the Company.
- Any additional matter delegated to the Committee by the Board.

- Audit, Risk and Compliance Committee

The Audit and Regulatory Affairs Committee's overall purpose is to enhance confidence in the integrity of the Company's process and procedures relating to internal control and corporate reporting. The Audit and Regulatory Affairs Committee is responsible for the review of financial reporting, appointment and provision of oversight for work of the external auditor. The Committee makes recommendations to the Board concerning internal financial control, effectiveness of its internal audit functions viz a viz compliance with internal process and the Company and Allied Matters Act, 2020.

- Technical and Health Safety & Environment Committee

The primary objective of the Committee is to assist the Board in its oversight of the strategic and technical operations and activities of the Company in delivering its business plans whilst not diluting the accountability of the Company's executive team for the management of strategy and technical operations of the Company.

All the Board committees were able to meet and deliberate on issues within their control by the end of the financial year.
The Committee derives its authority from the Board to:
- Assist the Board in effectively discharging its responsibilities prescribed by applicable laws relating to financial accountability, audit risk assessment, financial and performance management and financial reporting process.
- Adequately monitor and manage the Company's system of internal control, audit process and ensure due compliances with relevant corporate government and regulatory policies.
- Resolve any disagreement between management and auditor regarding financial reporting.
- Pre-recommend all auditing and non-auditing services

- Executive Management Committee

The Executive Management Committee is headed by the Managing Director/CEO and is responsible for taking key operational decisions. It is constituted by the Heads of Departments and a few key Units. This committee meets fortnightly.

- Management Committee

The Management Committee headed by the Managing Director/CEO is responsible for the day-to-day management of the business. It is made up of the Heads of Department and Units of the Company. The management team meets once a month to deliberate and take decisions on critical issues affecting the achievement of the strategic and operational goals of the Company.

Directors' interest in contracts

None of the directors has notified the Company for the purpose of section 303 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the Company during the financial year.

Directors' interest in shares

None of the directors had any direct or indirect equity interest in the Company for the purpose of section 301 of the Companies and Allied Matters Act as at 31st December 2023.

Shareholding Structure

As at 31st December 2023, the issued share capital of the Company as recorded in the register of shareholders is as follows:

	2023		2022	
	Number of shares held	**Percentage of shares held (%)**	**Number of shares held**	**Percentage of shares held (%)**
Northwest Power Limited	12,000,000	60	12,000,000	60
Bureau of Public Enterprises (BPE)	6,400,000	32	6,400,000	32
Ministry of Finance Incorporated (MOFI)	1,600,000	8	1,600,000	8
Total	20,000,000	100	20,000,000	100

Equal opportunity employer

The Company pursues an equal opportunity employment policy. It does not discriminate against any person on the grounds of race, ethnic origin, religion, gender or physical disability.

Employment of disabled persons

It is the policy of the Company that there should be no discrimination in considering applications for employment including those from disabled persons, if suitably qualified. All employees, whether disabled or not, are given equal opportunities to widen their experience and knowledge and to qualify for promotion in furtherance of their careers. However, no disabled person was employed by the Company during the year. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that the appropriate training is arranged.

Employee health, safety and welfare

It is the Company's policy to conduct its activities in such a way that the health, safety and welfare of its employees, contractors and other persons who may be affected are safeguarded. Accordingly, the Company trains all categories of staff in health and safety matters as is commensurate with their jobs, so as to enhance their awareness and increase their effective participation and contribution as individuals. Where appropriate, the Company provides employees with protective clothing and equipment.

Employee training and involvement

The Company places great emphasis on the training and development of its staff and believes that its people are its greatest assets. Training courses are geared towards the developmental needs of staff and the improvement of their skill sets to face the increasing challenges in the industry. The Company will continue to invest in its human capital to ensure that its people are well motivated and positioned to compete in the industry.

Donations and gifts

The Company made donations of ₦4.7 million to social causes during the year (2022: ₦4.4 million).

	2023	
S/N	**Organisation**	**Amount (₦'000)**
1	Association of Nigeria Electricity Distributors (ANED)	2,000
2	Zaria Incident Victims	1,500
3	Nigerian Airforce	300
4	Retired army, navy & airforce officer's association (Ranao)	250
5	Amana Hope and Care Initiative	100
6	Xchange Sports Academy Ltd	50
7	ICAN Kaduna District	50
8	Emir Palace	50
9	Gada Biu Gusau Orphanage Home	48
10	Yariman Bakura Specialist Hospital	40
11	Others	360
	Total	4,748

Property, plant and equipment

Movement in property, plant and equipment during the year is shown on note 14 to the financial statements. In the opinion of the directors, the market value of the Company's properties is not less than the value shown in the financial statements.

Auditors

The auditor, PricewaterhouseCoopers (PwC), has indicated its willingness to continue in office in accordance with Section 401(2) of the Companies and Allied Matters Act.

By order of the board

Fatima Aminu Abdulfatah
Company secretary
FRC/2023/PRO/NBA/002/419441
21 AUGUST **2025**

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

a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria (Amendment) Act;

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

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

The directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with the International Financial Reporting Standard (IFRS Accounting Standards) and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria (Amendment) Act.

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

Nothing has come to the attention of the directors to indicate that the Company will not remain a going concern for at least twelve months from the date of approval of these financial statements.

Signature: ____________________

Aminu Abubakar Suleiman
Chairman
FRC/2013/PRO/NIQS/004/00000003731

Date: 21/8/2025

Signature: ____________________

Dr. Umar Hashidu Abubakar
Managing Director
FRC/2023/PRO/COREN/004/292000

Date: 21/8/2025

Further to the provisions of Section 405 of the Companies and Allied Matters Act, we hereby certify the financial statements of Kaduna Electricity Distribution Plc for the year ended 31 December 2023 as follows:

a) That we have reviewed the audited financial statements of the Company for the year ended 31 December 2023;

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

c) That the audited financial statements and all other information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for the year ended 31 December 2023;

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

e) That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements, and certify that the Company's internal controls are effective as of that date;

f) That we have disclosed the following information to the Company's auditors:

- there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data, and have identified for the Company's auditors any material weaknesses in internal controls, and

- there is no fraud that involves management or other employees who have a significant role in the Company's internal controls.

g) That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Signature:________________

Dr. Umar Hashidu Abubakar
Managing Director
FRC/2023/PRO/COREN/004/292000

Date: 21/8/2025

Signature:________________

Solomon Ochada Omaye, PhD, ACA, ACTI
Chief Financial Officer
FRC/2022/PRO/ICAN/001/874519

Date: 21/8/2025

Independent auditor's report

To the Members of Kaduna Electricity Distribution Plc

Report on the audit of the financial statements

Our opinion

In our opinion, Kaduna Electricity Distribution Plc ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with international financial reporting standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

What we have audited

Kaduna Electricity Distribution Plc financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2023;
- the statement of financial position as at 31 December 2023;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of material accounting policies.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 32 in the financial statements, which indicates that as at 31 December 2023, the company's current liabilities exceeded its total assets by ₦150 billion.

These events or conditions, along with other matters as set forth in Note 32 indicates that a material uncertainty exist that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
Impairment of trade receivables (N264 billion) *Refer to notes 2.6b, 5.5 and 17 of the financial statements* The company bills its customers monthly using the Multi Year Tariff Order (MYTO). Customers are classified based on their payment pattern: prepaid and post-paid. The risk of impairment to trade receivables relates to only post-paid customers because some customers do not make payments as when due on their bills. We focused on this area due to the materiality of the trade receivables of N271 billion and resulting impairment of N264 billion. In addition, it required significant judgement both for timing of recognition of impairment and estimation of the amount of such impairment. We also focused on this area because of the expected credit loss (ECL) model which required significant judgement in measuring ECL especially incorporating forward looking information in building the economic scenarios used in the ECL model. The company utilised the "simplified approach" model for the trade receivable impairment. Under the simplified approach, the provision combines the historical loss rate with forward looking information (GDP and crude oil price) which takes management's view of the future of the customer into account.	Our procedures included the following: • We obtained an understanding of the company's process for estimating the expected credit loss (ECL). • We tested the calculation of the historical loss rate and recalculated the loss rate spread across the aging buckets; • We corroborated the forward-looking information by agreeing to publicly available information. • We calculated the impairment amount and compared to amount recognised by management; and • We evaluated the adequacy of the IFRS 9 disclosures in the financial statements.

Recognition of Tariff Shortfall (N28.7 billion)	
Refer to notes 4, 10 and 17 of the financial statements The Nigerian Electricity Regulatory Commission (NERC) regulates electricity tariffs in the Nigerian electricity supply industry through the periodic issuance of tariff orders known as the Multi-Year Tariff Order (MYTO). The MYTO ensures prices charged by licensees are fair to consumers and are sufficient to allow licensees recover the cost of energy purchased from the Nigerian Bulk Electricity Trading Plc. (NBET), including a reasonable return on the capital invested in the business. NERC implemented MYTO reviews in 2020 which had a material and immediate impact on end user tariffs payable by all classes of electricity customers in the country. Prior to this review, there existed a wide tariff gap due to the absence of cost-reflective tariffs which has not been completely eliminated. As a result, the company is not able to pass on the full cost of energy purchased to end users leading to tariff shortfalls (due from customers to Discos). Based on the MYTO order applicable for the year ending 2023, the company recognised a tariff shortfall income of N28.7 billion. This was after considering the credit notes received from NBET, which were applied in reducing tariff shortfall against other receivables. We focused on this area due to the peculiarity of the transaction to the industry and the materiality of the balance.	Our procedures included the following: • We examined the NERC orders to obtain an understanding of the considerations for recognition; • We checked that the tariff shortfall amount recognised by the company was in line with the NERC orders; • We examined the credit notes received from NBET for reasonableness; • We evaluated the adequacy of the disclosures in the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the Corporate information, Report of the directors, Statement of directors' responsibilities, Statement of corporate responsibility, Value added statement, and Five-year financial summary, 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 an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with "IFRS Accounting Standards" and the requirements of the Companies and Allied Matters Act, 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.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

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

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

The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

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

ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from locations not visited by us;

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 and returns.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0157867

For: **PricewaterhouseCoopers**

8 SEPTEMBER 2025

Chartered Accountants
Lagos, Nigeria

Engagement Partner: Habeeb Jaiyeola
FRC/2020/PRO/ICAN/004/00000021262

	Note	31 December 2023 ₦'000	31 December 2022 ₦'000
Revenue from contracts with customers	6	45,565,729	65,494,761
Cost of sales	7	(99,346,933)	(83,118,652)
Gross Loss		**(53,781,204)**	**(17,623,891)**
Net impairment (loss)/gain on financial assets	8	(88,087,563)	28,276,904
Operating expenses	9	(5,256,802)	(5,364,794)
Other income	10	33,630,778	12,497,938
Operating (loss)/profit		**(113,494,791)**	**17,786,157**
Finance income	11	175,639,870	4,100
Finance cost	12	(36,216,524)	(86,947,076)
Finance income/(cost) - net		139,423,346	(86,942,976)
Profit/(loss) before tax		**25,928,555**	**(69,156,819)**
Taxation	13	(3,506,465)	-
Profit/(loss) for the year		**22,422,090**	**(69,156,819)**
Other comprehensive income for the year		-	-
Total comprehensive profit/(loss) for the year		**22,422,090**	**(69,156,819)**
Profit/(loss) per share in Naira (basic & diluted)	24	**1,121**	**(3,458)**

The notes on pages 19 to 53 form an integral part of these financial statements.

	Note	31 December 2023 ₦'000	31 December 2022 ₦'000
ASSETS			
Non-current assets			
Property, plant and equipment	14	60,160,866	59,068,888
Right-of-use assets	15.1	19,283	34,741
Loans receivable	31	13,476,213	13,696,949
		73,656,362	72,800,578
Current assets			
Inventories	16	995,588	655,776
Trade and other receivables	17	8,129,548	207,853,908
Cash and cash equivalents	18	3,063,405	2,168,252
Loans receivable	31	220,736	-
		12,409,277	210,677,936
TOTAL ASSETS		**86,065,639**	**283,478,514**
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22.1	10,000	10,000
Capital contribution	22.2	51,716,644	51,716,644
Accumulated deficits	23	(239,525,402)	(261,947,492)
TOTAL EQUITY		**(187,798,758)**	**(210,220,848)**
LIABILITIES			
Non-current liabilities			
Borrowings	20	34,382,058	37,162,296
Government grants	21	3,774,156	4,354,820
Lease liabilities	15.2	11,339	31,700
		38,167,553	41,548,816
Current liabilities			
Trade and other payables	19	223,226,390	444,775,520
Current income tax liabilities	13	5,828,159	1,934,593
Borrowings	20	5,632,245	4,499,740
Government grants	21	987,337	926,496
Lease liabilities	15.2	22,713	14,197
		235,696,844	452,150,546
TOTAL LIABILITIES		**273,864,397**	**493,699,362**
TOTAL EQUITY AND LIABILITIES		**86,065,639**	**283,478,514**

The notes on pages 19 to 53 form an integral part of these financial statements.

The financial statements and notes on pages 15 to 53 were approved and authorised for issue by the board of Directors on 21 AUGUST 2025 and were signed on its behalf by:

Aminu Abubakar Suleiman	**Dr. Umar Hashidu Abubakar**	**Solomon Ochada Omaye, PhD, ACA, ACTI**
Chairman	**Managing Director**	**Chief Financial Officer**
FRC/2013/PRO/NIQS/004/00000003731	FRC/2023/PRO/COREN/004/292000	FRC/2022/PRO/ICAN/001/874519

	Note	Share capital ₦'000	Capital contribution ₦'000	Accumulated deficits ₦'000	Total equity ₦'000
Balance at 1 January 2022		**5,000**	**51,716,644**	**(192,790,673)**	**(141,069,029)**
Increment in shares		5,000	-	-	5,000
Loss for the year	23	-	-	(69,156,819)	(69,156,819)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(69,156,819)	(69,156,819)
Balance at 31 December 2022		**10,000**	**51,716,644**	**(261,947,492)**	**(210,220,848)**
Balance at 1 January 2023		**10,000**	**51,716,644**	**(261,947,492)**	**(210,220,848)**
Profit for the year	23	-	-	22,422,090	22,422,090
Other comprehensive income for the year		-	-	-	-
Total comprehensive profit for the year		-	-	22,422,090	22,422,090
Balance at 31 December 2023		**10,000**	**51,716,644**	**(239,525,402)**	**(187,798,758)**

The notes on pages 19 to 53 form an integral part of these financial statements.

	Note	31 December 2023 ₦'000	31 December 2022 ₦'000
Cash flows from operating activities			
Cash (used in)/generated from operations	25	(165,306,569)	8,559,143
Tax paid	13c	-	-
Interest received	11	175,639,870	4,100
Net cash generated from operating activities		10,333,301	8,563,243
Cash flows from investing activities			
Advances of loans receivable at amortised cost	31	-	(13,696,949)
Payment for property, plant and equipment	14	(3,207,846)	(2,189,258)
Payment received from disposal of property,plant and equipment		1,401	-
Net cash used in investing activities		(3,206,445)	(15,886,207)
Cash flows from financing activities			
Repayment of principal on borrowings	20	(5,515,616)	(2,854,189)
Repayment of interest on borrowings	20	(4,145,563)	(2,231,500)
Proceeds from borrowings	20	3,445,996	13,728,359
Principal elements of lease payments	15.2	(16,520)	(20,208)
Increment in shares	22.1	-	5,000
Net cash (used in)/generated from financing activities		(6,231,703)	8,627,462
Increase in cash and cash equivalents		895,153	1,304,498
Cash and cash equivalents at the start of year		2,168,252	863,754
Cash and cash equivalents at end of year	18	3,063,405	2,168,252

The notes on pages 19 to 53 form an integral part of these financial statements.

1 General information

Kaduna Electricity Distribution Plc ("the Company") is into the business of distribution and marketing of electricity to private and government customers in Kaduna, Kebbi, Sokoto and Zamfara states. The Company was incorporated as a public liability company on 9 November, 2005 to take over as a going concern, the distribution operations and activities of the Power Holding Company of Nigeria Plc ("PHCN") in the Kaduna, Sokoto, Zamfara and Kebbi States areas and their environs. Bureau of Public Enterprises and Ministry of Finance Incorporation held 80% and 20% respectively of its share capital up to 3 December 2014. As a result of share purchase agreement with a core investor, Northwest Power Ltd, acquired 60% of the shareholding with effect from 4 December 2014.

Due to the Company's inability to yield returns to the shareholders who had pledged their shares in the Company as collateral for loans taken from lenders, one of the lenders, Fidelity Bank, called on the collaterised shares of Northwest Power Limited, and took over the Board of the Company in July 2022. In 2023, the second lender, African Export-Import Bank (AFREXIM) nominated three (3) representatives to be included as non-executive members of the Company's Board. Furthermore, in 2024, the Nigerian Electricity Regulatory Commission (NERC) took over the Board of the Company over its inability to meet its market obligations in contravention of the Electricity Act (EA) and the terms and conditions of its electricity distribution license issued by the Commission.

In July 2024, ASI Engineering Limited acquired a 60% equity interest in the Company. The transaction is currently subject to ratification by the relevant stakeholders and regulatory authorities. Upon completion of the ratification process, ASI Engineering Limited will be recognized as the controlling shareholder.

1.1 Business transition

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

In 2005, PHCN was unbundled to form 6 electricity generation, 1 electricity transmission and 11 electricity distribution companies with the intent of sale of shares in these companies to private investors. The Company is one of the electricity distribution companies. The Federal Government also set up a special purpose agency, Nigeria Electricity Liability Management Company Ltd (NELMCO), to take over some assets and liabilities of these companies in order to sell the shares of the companies carrying only core assets and liabilities to intending investors. On 4 December 2014, Northwest Power Limited bought 60% of the shares in the Company from the Federal Government.

At the extra-ordinary general meeting of the board of the Company of 12 January 2017, special resolutions were passed that the authorised share capital of the Company be increased from 10,000,000 ordinary share to 20,000,000 ordinary shares of 50 Kobo per share. Each of the new shares is to rank pari passu with the existing ordinary share of the Company and the allotment to existing shareholders to be on pro-rata basis.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and adoption of IFRSs

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards), including International Accounting Standards and Interpretations issued by the IFRS Interpretations Committee (IFRSIC) applicable to companies reporting under IFRS Accounting Standards. Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to the interpretations issued by the IFRSIC.

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The directors believe that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.1 Basis of preparation and adoption of IFRSs (Continued)

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets. All values are rounded to the nearest thousand (N'000), except when otherwise indicated.

These accounting policies are consistent with the previous period.

2.1.1 Going concern

The financial statements have been prepared on a going concern basis. Refer to Note 32 for further information on going concern.

2.1.2 Changes in accounting policy and disclosures

(i) Standards and interpretations effective and adopted in the current year

All applicable standards have been applied in preparing these financial statements. As at the date of authorisation of this financial statement, the Company has applied the following standards and amendments for the first time in the annual reporting period commencing 1 January 2023.

IFRS 17 - Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of discounted probability-weighted cash flows, an explicit risk adjustment, and a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period.

The standard allows a choice between recognising changes in discount rates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features.

The amendment did not have any impact on the amount recognised in the prior periods or current periods.

Disclosure of accounting policies – Amendments to IAS 1 and IFRS Practice Statement 2

These amendments require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' (being information that, when considered together with other information included in an entity's financial statements, can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material.

They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

The amendment did not have any impact on the amount recognised in the prior periods or current periods.

Definition of accounting estimates – Amendments to IAS 8

This clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The amendment did not have any impact on the amount recognised in the prior periods or current periods.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12

These amendments require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences, and will require the recognition of additional deferred tax assets and liabilities. The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with right-of-use assets and lease liabilities, and decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in the opening balance of retained earnings, or another component of equity, as appropriate.

The amendment did not have any impact on the amount recognised in the prior periods or current periods.

(ii) New standards, amendments and interpretations not yet adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Company. The Company's assessment of the impact of these new standards and interpretations is set out below.

Non-current liabilities with covenants – Amendments to IAS 1 (effective 1 January 2024)

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or non current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as non current and that the liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:
- the carrying amount of the liability
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non current if the entity classifies the option as an equity instrument. However, conversion options that are classified as liability must be considered when determining the current/non-current classification of a convertible note. The amendments must be applied retrospectively in accordance with the normal requirements of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transition rules apply if an entity had early adopted the 2020 amendments regarding the classification of liabilities as current or non current.

Lease liability in a sale and leaseback – Amendments to IFRS 16 (effective 1 January 2024)

These amendments explain how an entity accounts for a sale and leaseback after the date of the transaction. They specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The amendment is not expected to have any impact on the amount recognised in the prior periods or current periods.

Supplier finance arrangements – Amendments to IAS 7 and IFRS 7 (effective 1 January 2024)

The IASB has issued new disclosure requirements about supplier financing arrangements (SFA's), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs.

The objective of the new disclosures is to provide information about supplier finance arrangments that enables investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. The new disclosures include information about the following:
- the carrying amounts of financial liabilities that are part of supplier finance arrangements and the line items in which those liabilities are presented
- the carrying amount of the financial liabilities for which suppliers have already received payment from the finance providers
- the range of payment due dates for both the financial liabilities that are part of supplier finance arrangments, and comparable trade payables that are not part of such arrangements
- non-cash changes in the carrying amounts of financial liabilities, and
- access to supplier finance arrangements facilities and concentration of liquidity risk with finance providers.

The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

The amendment is not expected to have any impact on the amount recognised in the prior periods or current periods.

General requirements for disclosure of sustainability-related financial information - IFRS S1 (effective 1 January 2024)

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. IFRS S1 requires entities to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reporting in making decisions relating to providing resources to the entity.

The amendment is not expected to have any impact on the amount recognised in the prior periods or current periods.

Climate-related disclosures - IFRS S2 (effective 1 January 2024)

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. IFRS S2 requires an entity to identify and disclose climate-related risks and opportunities that could affect the entity's prospects over the short, medium and long term. To achieve this objective, an entity is required to refer to and consider the applicability of industry-based disclosure topics as defined in the Industry-Based Guidance on Implementing IFRS S2.

The amendment is not expected to have any impact on the amount recognised in the prior periods or current periods.

Lack of Exchangeability - Amendments to IAS 21 (effective 1 January 2025)

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. These amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

The amendment is not expected to have any impact on the amount recognised in the prior periods or current periods.

There are no other IFRSs or IFRSIC Interpretations that are yet to be effective that would be expected to have a material impact on Kaduna Electricity Distribution Plc.

2.2 Foreign currency translation

2.2.1 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in the Nigerian Naira which is also the Company's functional and presentation currency.

2.2.2 Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2.3 Property, plant and equipment

All property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairments. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Depreciation on property, factory buildings, machinery, vehicles, furniture and equipment is calculated on a straight-line basis at rates deemed appropriate to write off the cost of the assets to their residual values over their expected useful lives.

Freehold land is not depreciated as it is deemed to have an infinite life.

Depreciation is recognised so as to write off the cost less their residual values over their useful lives, using the straight-line method, on the following basis:

Asset category	**Useful Life (years)**
Freehold Land	Nil
Buildings	35-50
Network plant and machinery	20-50
Furniture, fittings and equipment	5-10
Motor vehicles	5
Computer equipments	3-10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Profits and losses on disposals of fixed assets are determined by comparing proceeds with the carrying amounts. These profits and losses are included within 'items of a capital nature' in profit or loss.

Property, plant and equipment in the course of construction (capital work-in-progress) are carried at cost, less any recognised impairment losses. Cost includes professional fees and for qualifying assets borrowing costs capitalised in accordance with the Company's accounting policy.

Customers' contributions of items of property, plant and equipment, which require an obligation to supply goods and services to the customer in the future, are recognised at the fair value when the Company has control of the item. The contributions towards distribution network assets, are credited to the profit or loss account over the estimated useful lives of the related assets.

Derecognition of property, plant and equipment

The carrying amount of an item of property, plant and equipment is derecognised on disposal of the asset or when no future economic benefits are expected to accrue to the Company from its continued use. Any gain or loss arising on the derecognition is included in the statement of profit or loss in the period in which the asset is derecognised. The gain or loss is determined as the difference between the carrying value and the net proceeds on the sale of the assets, if any, at the time of disposal.

2.4 Intangible assets

Intangible assets relate to computer software. Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Any subsequent expenditure that enhances the embodied economic benefits of the asset is capitalised.

Following initial recognition, intangible assets with definite lives are carried at cost less any accumulated amortisation (calculated on a straight line basis over their useful lives) and accumulated impairment losses, if any.

Amortisation is calculated to write-off the cost of the computer software less any residual value over its useful life using the straight line method. The amortisation charge is recognised in the income statement. The Company determines the useful life of intangible assets as follows:

Software	3-5 years

Derecognition of intangible assets

The carrying amount of any intangible is derecognised when the software has no future economic benefits to the Company or it is disposed. The gains or losses arising from the derecognition of any intangible asset is recognised in the profit or loss in the period in which derecognition takes place.

2.5 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows (cash-generating units). The impairment test may also be performed on a single asset when the fair value less cost to sell or the value in use can be determined reliably. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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. An impairment loss in respect of goodwill is not reversed.

2.6 Financial instruments

Financial assets

a) Classification and subsequent measurement

Business model: The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at Fair Value Through Profit or Loss (FVTPL). Factors considered by the Company in determining the business model for the financial assets include past experience on how cash flows for these assets were collected, how the assets performance is evaluated and reported to key management personnel and how risks are assessed and managed.

Solely Payments of Principal and Interest: Where the business model is to collect contractual cash flows, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

Based on these factors, the Company classifies its debt instruments into one of the following measurement categories:

• Hold to collect: Financial assets in this category are held by the Company solely to collect contractual cash flows and these cash flows represents solely payments of principal and interest. 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. Assets held under this business model are measured at amortised cost.

• Hold to collect and sell: Financial assets in this category are held to collect contractual cash flows and sell where there are advantageous opportunities. The cash flows represent solely payment of principal and interest. These financial assets are measured at fair value through other comprehensive income. A gain or loss on a financial asset that is subsequently measured at fair value through other comprehensive income (FVOCI) is recognised in other comprehensive income except impairment gains or losses and foreign exchange gains or losses in the period in which it arises.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.

• Hold to sell: This category is the residual category for financial assets that do not meet the criteria described above. Financial assets in this category are managed in order to realise the asset's fair value. These financial assets are measured at fair value through profit or loss. A gain or loss on financial assets in this category is subsequently recognised in profit or loss and presented net in the profit or loss statement within other income/(expenses) in the period in which it arises. 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.

The Company's financial assets are held to collect contractual cash flows that are solely payments of principal (for non-interest-bearing financial assets) or solely payments of principal and interest (for interest bearing financial assets). The financial assets are measured at amortised cost.

The Company's financial assets include trade receivables and cash and cash equivalents. They are included in current assets, except for maturities greater than 12 months after the reporting date which are included in non-current assets. 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

Financial liabilities of the Company are classified and measured at fair value on initial recognition net of directly attributable transaction costs and subsequently measured at amortised cost.

Fair value gains or losses for financial liabilities designated at fair value through profit or loss are accounted for in profit or loss except for the amount of change that is attributable to changes in the Company's own credit risk which is presented in other comprehensive income. The remaining amount of change in the fair value of the liability is presented in profit or loss. The Company has no financial liabilities measured at fair value through profit or loss.

The Company's financial liabilities include trade and other payables and borrowings.

b) Impairment of financial assets

Recognition of impairment under IFRS 9 is based on the expected credit loss (ECL) model. The ECL model is applicable to the Company's financial assets classified at amortised cost and contract assets under IFRS 15: Revenue from contracts with customers. The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The simplified approach is applied to trade receivables while the general approach is applied to other receivables and cash and cash equivalents.
The simplified approach requires expected lifetime losses to be recognised from initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

Trade receivables are considered lost and the Company makes full provision when contractual payments are over 365 days past due. Trade receivables are written off when there is no reasonable expectation of recovering the contractual cash flows.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as 12-month ECL which is a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable and assessing the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the Brent oil price, and inflation rate, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss and presented on the face of the statement of profit or loss.

c) Significant increase in credit risk and default definition

The Company considers both quantitative and qualitative indicators in classifying these financial assets into the relevant stages for impairment calculation. Impairment provision is recognised in three stages based on days past due.
Using the criteria stated, a worst-case staging is assigned to every receivable:

• Stage 1: This stage includes financial assets that are less than 30 days past due (Performing).

• Stage 2: This stage includes financial assets that have been assessed to have experienced a significant increase in credit risk using the days past due criteria (i.e. the outstanding receivables amounts are more than 30 days past due but less than 90 days past due) and other qualitative indicators such as external credit rating (as far as available) and actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations.

• Stage 3: This stage includes financial assets that have been assessed as being in default. A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.
The parameters used to determine impairment are shown below:

Probability of Default (PD)	The credit rating of the counterparty was used to reflect the assessment of the probability of default on this receivable. This was supplemented with external data from S&P to arrive at a 12-month PD and lifetime PD for stage 1 and stage 2 receivables. The PD for stage 3 is 100%.
Loss Given Default (LGD)	The 12-month LGD and lifetime LGD were determined using the average recovery rate for Moody's senior unsecured corporate loans for emerging economies. This was adjusted with the federal reserve formulae to reflect downturn LGD.
Exposure at default (EAD)	The EAD is the maximum exposure of the receivable to credit risk without taking account of any collateral.
Macro- economic Indicators	The historical Brent oil price and inflation rate in Nigeria are the economic variables used to adjust the probability of default to make it forward looking.
Probability weightings	The historical GDP growth rate observations were used to determine the weightings for each scenario (base case, optimistic and downturn) using Z score.

d) Derecognition

Financial assets
The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and the transfer qualifies for derecognition. Gains or losses on derecognition of financial assets are recognised as other income/ (expenses) in profit or loss.

Financial liabilities

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

e) Modification

When the contractual cash flows of a financial instrument are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial instrument and recognises a modification gain or loss immediately within finance income/(cost)-net at the date of the modification. The gross carrying amount of the financial instrument is recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial instrument's original effective interest rate.

f) Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position. Offsetting can be applied when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The legally enforceable right is not contingent on future events and is enforceable in the normal course of business, and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.7 Inventories

Inventories are recorded at the lower of cost and net realisable value. The costs of individual items of inventory are determined using weighted average costs. The exception are for non-interchangeable items where costs are assigned by specific identification. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and any applicable selling expenses.

Allowance is made for excessive, obsolete and slow moving items. Write-downs to net realisable value and inventory losses are expensed in the period in which the write-downs or losses occur.

2.8 Trade and other receivables

Trade receivables
These are amounts due from customers for services performed in the ordinary course of business. Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less impairment. An impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of the receivables. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited to operating expenses in the profit or loss.

Other receivables
These amounts generally arise from prepaid amounts to vendors as advances for insurance and other services.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash balances with banks. Bank overdrafts which are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of statement of cash flows. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

2.10 Share capital

The Company has ordinary shares which are classified as equity.

2.11 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.12 Current and deferred income tax

The tax expense for the period comprises of current and deferred tax. Tax is recognised in arriving at profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.12.1 Current tax

The current income tax charge is calculated on the basis of the applicable tax laws enacted or substantively enacted at the reporting date in the country, Nigeria, where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2.12.2 Deferred tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by each reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12.3 Minimum tax

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

The Finance Act 2023 states that minimum tax is determined at 0.5% of a company's annual gross turnover less franked investment income.

Gross turnover means the gross inflow of economic benefits during the period arising in the course of the operating activities of an entity. This also includes sales of goods, supply of services, receipt of interest, rent, royalties or dividends. Franked investment income relates to income in the form of dividends paid to a company from earnings on which corporation tax has already been paid by the originating company.

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.

2.13 Employee benefits

2.13.1 Wages, salaries and annual leave

Liabilities for wages, salaries, incentives, other contributions and paid annual leave are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

2.13.2 Defined contribution plan

The Company operates a defined contribution scheme for its employees in line with the Pension Reform Act 2014. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Employees contribute 8% each of their basic salary, housing and transport allowances and the Company contributes 10% of all employees basic salary, housing and transport allowances. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of all schemes are held in separate trustee administered fund, which are funded by contributions from both the Company and employees. The Company's contributions to the defined contribution schemes are charged to the profit or loss account in the year to which they relate.

2.14 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation 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.

Provisions are reviewed on each reporting date and if an outflow of funds to settle the obligation is unlikely, they are reversed in the profit or loss.

Contingent assets are not recognised but disclosed where an inflow of economic benefits is probable. When the realisation of income is virtually certain, it is recognised by the Company.

The Company recognises a contingent liability, when there is a possible obligation that arises as a result of past events, and whose existence will be confirmed only by the occurrence or non-occurrence of events which may not be within the control of the entity. The Company discloses a contingent liability in line with IAS 37 when there is a present obligation that arises from past events that is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.15 Lease liabilities

At the commencement date of a lease, the Company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the Company's incremental borrowing rate (IBR) as the rate implicit in the lease cannot be readily determined. The IBR represents the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company has used the prime lending rate as at 31 December 2023.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable.

The Company presents lease liabilities separately from other liabilities in the statement of financial position.

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. IFRS 16 provides lessees with an election not to recognise a right-of-use asset and lease liability for leases for which the underlying asset is of low value. The Company classifies assets worth 5000USD and below as low-value.

In addition, in line with IFRS 16, the Company defines a short-term lease as one that has a lease term of 12 months or less without any purchase options.

2.16 Right-of-use assets

Right-of-use assets are initially measured at cost, less accumulated depreciation and impairment losses. Costs comprise of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The company also subjects the right-of-use asset to impairment tests as per its impairment policy.

The Company presents right-of-use assets separately from Property, plant and equipment in the statement of financial position.

2.17 Revenue from contract with customers

Revenue primarily represents the sales value of electricity and other related energy services supplied to customers during the year and excludes Value Added Tax (VAT). The Company recognises revenue to depict the transfer of promised services to customers in an amount that reflects the consideration to which it expects to be entitled in exchange for those services. A valid contract is recognised as revenue after contract is approved by the parties, rights and obligations are recognised, collectability is probable and payment terms and consideration are identifiable.

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

Category of revenue	Nature and timing of satisfaction of performance obligations, including payments terms	Revenue recognition
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 expected within 30 days of billing.	Revenue is recognised at a point in time as electricity is measured and bill sent to customers. The amount of revenue to recognise during the year is assessed based on the unit delivered method. The stand-alone selling price is determined based on the NERC approved tariff for the different categories of customers. Billings to customers are recognised as revenue based on the evaluation of whether collection of consideration is probable.
Prepaid revenue	Satisfaction of performance obligation is same as post-paid revenue. Payment is received in advance of consumption of electricity.	Revenue is recognised at a point in time as electricity is vended by the customer.

Disaggregation of revenue from contract with customers

The Company derives revenue from different tariff codes broadly classified into residential, commercial, industrial and special.

2.18 Cost of sales

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

Cost of energy refers to all cost incurred in the purchase of energy from suppliers. This comprises cost of electricity purchase from generating companies, market operator's service charges, electricity purchases from Nigerian Bulk Electricity Trading Plc (NBET).

2.19 Interest income

Interest income is accrued on a time basis in the profit or loss, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

2.20 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

2.21 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.21.1 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

2.22 Government grant

The Company benefits from Federal Government intervention in the power sector through funds provided to ensure liquidity in the industry and assets granted to power sector participants. The Federal Government of Nigeria through the Central Bank of Nigeria provides finance to these power sector participants at subsidised interest rates. Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

3 Critical accounting estimates and judgments

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

3.1 Impairment of trade and other receivables

The Company annually tests whether the trade receivables have suffered any impairment, through the application of ECL, the impairment for trade receivable have been calculated and impact reflected in the financial statements. Management considers, among other factors, the age of debts, customer's payment history and financial condition of the customer in determining the allowance for impairment losses. Debt owed by inactive customers are also fully impaired. See Note 8 for more details.

3.2 Deferred tax

The Company is subject to income taxes within Nigeria, which does not require much judgment in terms of provision for income taxes but a certain level of judgment is required for recognition of the deferred tax assets. Management is required to assess the ability of the Company to generate future taxable economic earnings that will utilise the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income are based on forecast cash flows from operations. See Note 13 for details.

3.3 Impairment assessment of non financial assets

Changes in events or circumstance indicating that the carrying amount of assets may not be recovered will lead to the review of all assets. Consequently, in the event that the review shows that assets are impaired, that is the carrying amount exceeds its recoverable value, these are written down to their recoverable value, which is the higher of fair value less cost of disposal and value in use. The value in use is determined as the amount of estimated risk-adjusted discounted future cash flows
Assets are therefore grouped into cash generating units based on separately identifiable and largely independent cash inflows.

3.4 Useful lives of assets

The Company carries its property, plant and equipment at cost less accumulated depreciation/impairment in the statement of financial position. Estimates and assumptions made to determine their carrying value and related depreciation are critical to the company's financial position and performance.The Company calculates depreciation of property, plant and equipment on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The economic life of an asset is determined based on existing wear and tear, economic and technical aging, legal or other limits on the use of the asset, and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Company may accelerate depreciation charges to reflect the remaining useful life of the asset or record an impairment loss. The carrying values of this amount is included in Note 14.

3.5 Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee. During the financial year, there were no revised lease terms.

3.6 Incremental borrowing rate

To determine the incremental borrowing rate, the Company has used the prime lending rate as at 31 December 2023.
Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The incremental borrowing rate used in discounting the future cashflow of lease payments is 16.5%.

3.7 Fair value estimation of financial assets and liabilities

In determining the fair value of financial assets and liabilities, management makes judgements about the use of valuation techniques for the instruments not actively traded. Where available, the Company uses quoted market prices to determine the fair value of financial assets. The quoted market price are gotten from the websites of the Financial Market Dealers Quotation (FMDQ). Where there are securities that are not actively traded, the Company uses techniques based on observation inputs obtained from the quoted market prices of similar actively traded securities. The fair value of the borrowings and lease liabilities for disclosure was determined by a discounted cash flow of the expected future cash outflows at the statement of financial position date using prime lending rate in Nigeria as at the statement of financial position date for a similar tenure and amount.

There were no other significant assumptions and estimation uncertainties that could have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within they are ending 31 December 2023. See Note 5.

4 Tariff shortfall

Tariff shortfall is derived from the variance between cost reflective tariffs and actual charges to energy users in the Nigerian Electricity Supply Industry ("NESI"). On 21 December 2015, Nigerian Electricity Regulatory Commission ("NERC") signed its Multi-Year Tariff Order ("MYTO") which indicated rates that the Distribution Companies ("DisCos") should charge its customers. However, these rates do not allow the DisCos to recover their cost of purchase and transmission of electricity from NBET and TCN respectively, and therefore the DisCos are not able to make any profit from its transactions with customers.

NERC in order No. NERC/GL/177A issued on 1 July 2019 introduced the concept of tariff shortfall to be recognised by the DisCos as the Government's compensation for the non-cost reflective tariff from 2015. This concept of tariff shortfall was then implemented in 2020, which had a material and immediate impact on end user tariffs payable by all classes of electricity customers in the country, in line with NERC's directive. However, NERC issued a further order in November 2023 informing Disco's to subsequently no longer recognise tariff shortfall.

4.1 Recognition

In the accounts of Kaduna Electricity Distribution Plc, the tariff shortfall is recognised as a debit to other receivables (regulatory receivables) and a corresponding credit to other income. The Company recognized tariff shortfall in its financial statements based on the NERC Orders received between January and November of the financial year. Tariff shortfall recognised in the year amounted to ₦28.7billion (2022: ₦11.3billion).

4.2 Treatment of credit notes received from NBET

In line with NERC orders NERC/GL/177A, NERC/GL/191B/2019 and NERC/196/2020, and NBET's payment assurance facility, NBET from time to time may send credit notes to the DisCos to reduce their receivables from the DisCos. These credit notes are recognised in the accounts of the Company as a reduction to trade payables (NBET) and a decrease to other receivables (tariff shortfall receivables).

5 Financial risk management

5.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effect on its financial and operational performance.

The Company has a risk management function that manages the financial risks relating to the Company's operation under the policies approved by the board of directors.

(a) Market risk

This is the risk of movements in the fair value of future cash flows of a financial instrument because of changes in market prices. The Company is exposed to changes in price of electricity, however, this exposure does not have any impact on recognised financial instruments.

(i) Foreign exchange risk
Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to risks resulting from fluctuations in foreign currency exchange rates. A change in the value of any such foreign currency could have an effect on the the Company's cash flow and future profits. The Company did not have any material balances denominated in foreign currency as at each year end.

(ii) Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does have any long-term borrowings at variable rates and as such is not exposed to interest rate risk.

(iii) Price risk
This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from interest rate risk or currency risk. There are no financial instruments exposed to other price risk.

(b) Credit risk

Credit risk is the risk that a borrower or issuer of a financial instrument will not repay the principal and/or interest according to the terms specified in the credit agreement. Credit risk arises from cash and cash equivalents, balances with banks as well as trade and other receivables. The Company has policies in place to ensure that customers are disconnected from the network when their credit limit is exceeded. These credit limits are set based on the customers' tariff classification, credit history and other relevant factors.

Below is a breakdown of the Company's financial assets that are exposed to credit risk and the maximum exposures as at each reported date:

(i) Financial instruments exposed to credit risk	Maximum exposure	
	31 December 2023 ₦'000	31 December 2022 ₦'000
Cash and cash equivalents (Note 18)	3,063,405	2,168,252
Trade receivables (Gross) (Note 17)	271,138,145	262,963,040
Other receivables (Gross) (Note 17)*	534,100	120,337,337
Total	274,735,650	385,468,629

*Other receivables excludes employee advances, as these are not a financial instruments.

These financial assets are further broken into the following:

31 December 2023	**Cash & cash equivalents ₦'000**	**Trade receivables ₦'000**	**Other receivables ₦'000**	**Total ₦'000**
Neither past due nor impaired	3,063,405	-	534,100	3,597,505
Past due but not impaired	-	7,570,903	-	7,570,903
Impaired	-	263,567,242	-	263,567,242
Gross	3,063,405	271,138,145	534,100	274,735,650
Impairment	-	(263,567,242)	-	(263,567,242)
Net	3,063,405	7,570,903	534,100	11,168,408

31 December 2022	**Cash & cash equivalents ₦'000**	**Trade receivables ₦'000**	**Other receivables ₦'000**	**Total ₦'000**
Neither past due nor impaired	2,168,252	-	365,335	2,533,587
Past due but not impaired	-	90,891,877	116,563,485	207,455,362
Impaired	-	172,071,162	3,408,517	175,479,679
Gross	2,168,252	262,963,039	120,337,337	385,468,628
Impairment	-	(172,071,162)	(3,408,517)	(175,479,679)
Net	2,168,252	90,891,877	116,928,820	209,988,949

(ii) Credit quality of cash and cash equivalent

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

	31 December 2023 ₦'000	**31 December 2022 ₦'000**
AA	3,593	3,593
AA-	4,044	4,044
A+	-	39,052
A	2,971,499	1,976,371
BBB	-	32,323
BB+	48,459	48,459
B+	5,569	-
BBB+	-	5,387
*Unrated	30,241	59,023
	3,063,405	2,168,252

*Unrated include cash at hand and Bunkasa Microfinance Bank. These do not have any ratings.

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

These above ratings are explained as follows:

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

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

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

'Others' indicate cash in hand and financial institutions with no available ratings.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently has a liquidity risk policy and relies on cash flows generated from customer payments to settle its financial obligations.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period from the reporting dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cashflows. The carrying amount as at the end of each reported period that expose the Company to liquidity risk was as follows:

	Less than 3 months ₦'000	3 to 12 months ₦'000	Above 12 months ₦'000	Total ₦'000
31 December 2023				
Trade and other payables (excluding statutory payables)	198,109,052	-	-	198,109,052
Borrowings	-	5,632,245	34,382,058	40,014,303
Lease liability		22,713	11,339	34,052
	198,109,052	**5,654,958**	**34,393,397**	**238,157,407**

	Less than 3 months ₦'000	3 to 12 months ₦'000	Above 12 months ₦'000	Total ₦'000
31 December 2022				
Trade and other payables (excluding statutory payables)	422,222,282	-	-	422,222,282
Borrowings	-	4,499,740	37,162,296	41,662,036
Lease liability	-	14,197	31,700	45,897
	422,222,282	**4,513,937**	**37,193,996**	**463,930,215**

5.3 Fair value estimation

The table below analyses financial instruments whose fair values have been disclosed by valuation method. The different levels have been defined as follows:

-Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
-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) (level 2).
-Input for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair values of the Company's borrowings and lease liabilities as at 31 December 2023 and 31 December 2022 are below. This falls within level 2.

	31 December 2023 ₦'000	31 December 2022 ₦'000
Borrowings (note 20)	40,014,303	41,662,036
	40,014,303	41,662,036

The fair value of the borrowings for disclosure was determined by a discounted cash flow of the expected future cash outflows at the statement of financial position date using prime lending rate in Nigeria as at the statement of financial position date for a similar tenure and amount.

The fair value amounts disclosed above are all recurring fair value measurements. There were no non-recurring fair value measurements as at 31 December 2023 and 31 December 2022.

The fair value of the following financial assets and liabilities approximate their carrying amount:
-Trade and other receivables
-Cash and cash equivalents
-Trade and other payables
None of these Company's assets or liabilities fall within level 1 or 3.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1. Instruments included in Level 1 comprise primarily Nigerian Stock Exchange (NSE) listed instruments classified as trading securities or available for sale instruments.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

(c) Financial instrument in level 3

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. Techniques, such as discounted cash flow analysis, are used to determine fair value for the financial instruments included in level 3.

Financial instruments not measured at fair value

Financial instruments by category

Amounts are based on the values recognised in the statement of financial position. All financial instruments are at amortised cost. The Company's financial instruments at reporting date are disclosed below:

	31 December 2023 ₦'000	31 December 2022 ₦'000
Financial assets at amortised costs		
Trade receivables (net) (note 17)	7,570,903	90,891,878
Other receivables (net) (note 17)	534,100	116,928,820
Cash and cash equivalents (note 18)	3,063,405	2,168,252
Total	11,168,408	209,988,950
Financial liabilities at amortised costs		
Trade payables (note 19)	144,756,707	207,912,411
Other payables (note 19)	9,498,990	8,787,106
Interest payables (note 19)	43,853,355	205,452,979
Due to related parties	-	69,786
Borrowings (note 20)	40,014,303	41,662,036
Lease liabilities	11,339	31,700
Total	238,134,694	463,916,018

5.4 Capital risk management

The Company's capital management policy and objective is to maintain reliable and sustainable capital in order to sustain future development of the business while maintaining adequate returns for the shareholders.

Various financial ratios and internal targets are assessed and reported to the board of directors to monitor and support the key objectives set out above. These ratios and targets include:
-Earning Before Interest Tax Depreciation and Amortisation (EBITDA);
-Current asset ratio;
-Interest cover; and
-Gearing ratio

The Company's objective is to maintain these financial ratios in excess of any debt covenant restrictions and use them as a performance measurement and hurdle rate. The failure of a covenant test could render the facilities in default and repayable on demand at the option of the lender.

Capital is calculated as total equity plus net debt and it is monitored regularly by the Company's management. The gearing ratios as at the end of December 2023 and December 2022 are as follows:

	31 December 2023 ₦'000	31 December 2022 ₦'000
Total borrowing	40,014,304	41,662,036
Less: Cash and cash equivalent	(3,063,405)	(2,168,252)
Net Debt	36,950,899	39,493,784
Add: Total equity	(187,798,758)	(210,220,848)
Total capital	(150,847,859)	(170,727,064)
Gearing ratio	-24%	-23%

5.5 Impairment of financial assets

The following are the Company's financial assets that are subject to IFRS 9's expected credit loss model:
- Trade receivables
- Other receivables
- Cash and cash equivalents

a) Trade receivables

The Company applies the simplified approach in measuring the expected credit losses (ECL) which recognises a lifetime expected loss allowance for all trade receivables. Trade receivables represent the amount of receivable from third-party customers for the supply of power. The expected credit loss rate for this receivable is determined using a provision matrix approach.

The provision matrix approach is based on the historical credit losses experienced within 5 years before 31 December 2023. The historical loss rates are adjusted to reflect forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified Brent oil price and GDP rate of Nigeria (being the country in which it provides its services) to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 31 December 2023 and 2022 in accordance with IFRS 9 was determined as follows:

The expected loss rates as at 31 December 2023 are as follows:

Age of trade receivables	0-30 days ₦'000	31-60 days ₦'000	61-90 days ₦'000	91-180 days ₦'000	181-360days ₦'000	> 360 days ₦'000	Total ₦'000
Gross carrying amount	4,091,736	3,522,009	4,122,139	8,001,394	2,683,240	248,717,627	271,138,145
Default rate	58%	58%	65%	71%	78%	100%	
Lifetime ECL	(2,366,209)	(2,048,632)	(2,661,151)	(5,692,892)	(2,080,730)	(248,717,627)	(263,567,242)
Net carrying amount	1,725,527	1,473,377	1,460,988	2,308,502	602,510	-	7,570,903

The expected loss rates as at 31 December 2022 are as follows:

Age of trade receivables	**0-30 days ₦'000**	**31-60 days ₦'000**	**61-90 days ₦'000**	**91-180 days ₦'000**	**181-360days ₦'000**	**> 360 days ₦'000**	**Total ₦'000**
Gross carrying amount	4,583,261	3,631,017	2,779,893	9,224,031	17,998,219	224,746,618	262,963,040
Default rate	49%	54%	65%	69%	59%	66%	
Lifetime ECL	(2,228,033)	(1,976,513)	(1,801,980)	(6,333,133)	(10,530,803)	(149,200,698)	(172,071,162)
Net carrying amount	2,355,228	1,654,504	977,913	2,890,898	7,467,416	75,545,920	90,891,878

b) Other receivables

The Company also assessed these other receivables using the general approach to determine their expected credit losses. The ECL recognised for the period is a probability-weighted estimate of credit losses discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

The expected credit loss as shown below:

				31 December 2023
	Stage 1 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Total ₦'000
Gross EAD*	534,100			534,100
Loss allowance as at 31 December 2023	-			-
Net EAD	**534,100**	-	-	**534,100**

				31 December 2022
	Stage 1 12-month ECL ₦'000	Stage 2 Lifetime ECL ₦'000	Stage 3 Lifetime ECL ₦'000	Total ₦'000
Gross EAD*	120,337,337	-	-	120,337,337
Loss allowance as at 31 December 2022	(3,408,517)	-	-	(3,408,517)
Net EAD	**116,928,820**	-	-	**116,928,820**

EAD – Exposure at default

The loss allowances for trade and other receivables as at 31 December reconcile to the opening loss allowances as follows:

	Trade receivables		Other receivables		Total	
	31 December 2023 ₦'000	**31 December 2022 ₦'000**	**31 December 2023 ₦'000**	**31 December 2022 ₦'000**	**31 December 2023 ₦'000**	**31 December 2022 ₦'000**
Opening loss allowance at 1 January	172,071,162	203,536,618	3,408,517	219,965	175,479,679	203,756,583
Increase/(decrease) in loss allowance recognised in profit or loss during the year	91,496,080	(31,465,456)	(3,408,517)	3,188,552	88,087,562	3,188,552
Closing loss allowance at 31 December	263,567,242	172,071,162	-	3,408,517	263,567,241	206,945,135

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit.

c) Cash and cash equivalents

This includes cash in hand. The Company applied the three-stage approach in recognising the ECL on cash and bank balances. The cash and bank balances are assessed to be in stage 1. No impairment loss on cash and bank balances as at 31 December 2023.

6 Revenue from contract with customers

	31 December 2023 ₦'000	31 December 2022 ₦'000
Sale of electricity:	45,565,729	65,494,761

Revenue represents charges on the power distributed to customers.
The Company's revenue is analysed based on the customer categories as follows:

By customer payment type:

Postpaid customer	39,014,772	61,891,867
Prepaid customers	6,550,957	3,602,894
	45,565,729	65,494,761

By customer tariff class:

Residential	26,117,043	41,739,824
Commercial	5,133,977	7,082,314
Industrial	4,193,634	3,727,682
Street lighting	32	61,616
Special electricity sales	10,121,043	12,883,325
	45,565,729	65,494,761

Items of revenue include monthly post paid billings for electricity consumed and prepaid meter units of energy purchased by customers after applying the appropriate tariff as per the relevant Multi Year Tariff Order (MYTO).

7 Cost of sales

	31 December 2023 ₦'000	31 December 2022 ₦'000
Cost of energy	90,134,594	75,415,365
Network services and maintenance	2,430,136	1,511,943
Depreciation on technical assets (Note 14)	1,840,790	1,730,909
Salaries and wages for technical staff (Note 27.1)	4,941,413	4,460,435
	99,346,933	83,118,652

Increase in cost of energy during the year arises from increase in energy rates by bulk traders (NBET) during the year and also increase in amount of energy purchased through NBET for the year compared to prior year.

8 Net impairment on financial assets

	31 December 2023 ₦'000	31 December 2022 ₦'000
Impairment (gain)/loss on tariff shortfall (Note 17.2)	(3,408,517)	3,188,552
Impairment loss / (gain) on trade receivables (Note 17.1)	91,496,080	(31,465,456)
	88,087,563	(28,276,904)

9 Operating expenses

	31 December 2023 ₦'000	31 December 2022 ₦'000
Employee cost	899,819	961,686
Pensions (Note 27.1)	314,926	465,027
Printing and stationeries	43,427	1,393
Advertisement and publicity	100,384	15,829
Office repairs and maintenance	405,230	363,620
Donations and gifts	4,748	4,412
Administration and overhead expenses	522,843	565,722
Security expenses	306,553	618,025
Vehicles repairs and maintenance	268,868	151,067
Legal, consultancy and other professional fees*	502,131	217,849
Transport and travelling	302,419	227,883
Staff trainings and seminars	78,728	19,138
Audit fee	40,000	35,000
Directors' expenses	100,591	162,283
Rents and rates	49,010	78,732
Other staff cost (Note 27.1)	639,714	838,401
Depreciation of property, plants and equipment (Note 14)	275,077	235,439
Depreciation of right of use assets (Note 15.1)	15,233	15,576
Minimum tax levy	387,101	387,712
	5,256,802	5,364,794

*Consultancy and other professional fees include fees for valuation and tagging of electricity assets, technology advisory services, tax consultancy and legal services.

10 Other income

	31 December 2023 ₦'000	31 December 2022 ₦'000
Reconnection fees	474,956	350,502
Penalties	211,513	393,407
Tariff shortfall*	28,739,002	11,303,711
Government grants (Note 21)**	969,715	758,572
Other income/(expense)	2,429,033	303,963
Gain/(loss) on loan modification	806,559	(612,217)
	33,630,778	12,497,938

Other income includes reconnection fee, penalties and fines, revenue loss compensation, gain on disposal of assets etc.

*Nigerian Electricity Regulatory Commission (NERC) is expected to implement minor Multi Year Tariff Order (MYTO) reviews bi-annually, however, this review has not given rise to a cost reflective tariff. As a result, the Company has not been able to pass on the full cost of energy purchased to end users leading to both tariff (due from customers to Discos) and market (due from Discos to the market operator) shortfalls. In 2019, NERC issued regulatory instruments implementing minor reviews of MYTO for the years 2015 to 2019, this has subsequently been amended yearly, giving rise to tariff shortfall. These orders were issued to reflect the impact of changes in the minor review variables in determining cost-reflective tariff and market shortfalls. Based on the orders, the Company recognised a tariff shortfall of ₦28.7 billion for 2023 (2022: ₦11 billion). The tariff shortfall recognised is based on the NERC Orders received between January and November of the financial year.

**Government grants have been received based on the CBN - NEMSF loans obtained from the NESI- Stabilisation Strategy Limited at below market rate.

11 Finance income

	31 December 2023 ₦'000	31 December 2022 ₦'000
Financing expense writeback (NBET)*	175,635,614	-
Interest income on bank deposits	4,256	4,100
	175,639,870	4,100

*The Company's vesting contract under Transitional Electricity Market (TEM) requires full settlement of undisputed invoices received from the Nigerian Bulk Electricity Trading Plc. (NBET) within the stipulated time frame. During the period, NBET re-assessed the outstanding interest payable and wrote-off ₦176 billion from the company's liability.

12 Finance cost

	31 December 2023 ₦'000	31 December 2022 ₦'000
Financing expenses (NBET)*	31,194,282	82,905,937
Interest on borrowings (Note 20)	5,017,342	4,034,582
Lease interest expense (Note 15.2)	4,900	6,557
	36,216,524	86,947,076

*The Company's vesting contract under Transitional Electricity Market (TEM) requires full settlement of undisputed invoices received from the Nigerian Bulk Electricity Trading Plc. (NBET) within the stipulated time frame. Penalty for non compliance is interest at NIBOR plus 4% on all unpaid invoices within the required period.

13 Taxation

A Income tax

	31 December 2023 ₦'000	31 December 2022 ₦'000
Education tax	3,505,143	-
Police trust fund	1,321	-
Income tax charge reported in the statement of profit or loss	3,506,464	-
Minimum tax levy	387,101	387,712
	387,101	387,712

B Reconciliation of effective tax to statutory tax

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	31 December 2023 ₦'000	31 December 2022 ₦'000
Profit/(loss) before tax	25,928,555	(69,156,819)
Tax calculated at statutory tax rate of 30 %	7,778,566	(20,747,046)
Disallowed permanent items	27,122,374	(7,889,045)
Loss relief	(35,017,071)	28,636,091
Education tax (3%)	3,505,143	-
Effect of minimum tax levy	116,130	-
Police trust fund levy	1,322	-
Tax charge for the year	3,506,464	-

C Current income tax liability

	31 December 2023 ₦'000	31 December 2022 ₦'000
Balance at 1 January	1,934,593	1,546,881
Minimum tax levy	387,101	387,712
Education tax	3,505,143	-
Police trust fund	1,322	-
Payments during the year	-	-
At 31 December	5,828,159	1,934,593

D Deferred tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax assets of ₦82 billion for the Company have not been recognised as at 31 December 2023 (2022: ₦149 billion) because it is not probable that future taxable profits will be available against which they can be utilised.

14 Property, plant and equipment

	Land ₦'000	Buildings ₦'000	Plant and machinery ₦'000	Furniture, fittings & Equipment ₦'000	Motor vehicles ₦'000	Computer equipment ₦'000	Assets under construction ₦'000	Total ₦'000
Cost								
At 1 January 2022	100,400	392,720	67,379,695	580,542	1,541,644	1,150,643	4,704,858	75,850,502
Additions	-	-	1,966,682	5,861	141,253	44,051	31,411	2,189,258
Reclassification	-	-	2,054,805	-	-	-	(2,054,805)	-
Disposal (Note 14.2)	-	-		-	(113,400)	-	-	(113,400)
At 31 December 2022	100,400	392,720	71,401,182	586,403	1,569,497	1,194,694	2,681,464	77,926,360
At 1 January 2023	100,400	392,720	71,401,182	586,403	1,569,497	1,194,694	2,681,464	77,926,360
Additions	-	-	2,299,483	85,916	481,750	87,776	252,921	3,207,846
Reclassification	-	-	798,365	-		-	(798,365)	-
Disposal	-	-	-	-	(18,900)	-	-	(18,900)
At 31 December 2023	100,400	392,720	74,499,030	672,319	2,032,347	1,282,470	2,136,020	81,115,306
Accumulated depreciation								
At 1 January 2022	-	54,250	14,557,590	132,104	1,541,644	718,937	-	17,004,525
Charge for the year	-	6,904	1,730,909	46,777	64,632	117,126	-	1,966,348
Disposal					(113,400)			(113,400)
At 31 December 2022	-	61,154	16,288,499	178,881	1,492,876	836,063	-	18,857,473
At 1 January 2023	-	61,154	16,288,499	178,881	1,492,876	836,063	-	18,857,473
Charge for the year	-	6,904	1,840,790	50,786	92,451	124,936	-	2,115,867
Disposal	-	-	-	-	(18,900)	-	-	(18,900)
At 31 December 2023	-	68,058	18,129,289	229,667	1,566,427	960,999	-	20,954,440
Net book value								
At 31 December 2022	100,400	331,566	55,112,683	407,522	76,621	358,631	2,681,464	59,068,887
At 31 December 2023	100,400	324,662	56,369,741	442,652	465,920	321,471	2,136,020	60,160,866

The depreciation in the period has been classified into cost of sales and operating expenses. The depreciation of plant and machinery ₦1.8 billion (2022: ₦1.7 billion) are classified as cost of sales while the depreciation of other property plant and equipment items ₦275 million (2021: 235 million) are classifed as operating expenses.

No asset of the Company has been pledged as collateral for loan.

15 Leases

Amounts recognised in the statement of financial position

15.1 Right-of-use assets

	31 December 2023 ₦'000	31 December 2022 ₦'000
Building		
Opening balance	79,113	52,046
Additions during the year	-	27,067
Lease reassessment	(225)	-
Closing balance	78,888	79,113
Depreciation		
Opening balance	44,372	28,796
Charge for the year	15,233	15,576
Closing balance	59,605	44,372
Net book value	19,283	34,741

15.2 Lease liabilities

	31 December 2023 ₦'000	31 December 2022 ₦'000
Opening balance	45,897	32,481
Additions	-	27,067
Interest expense	4,900	6,557
Payments made during the period	(16,520)	(20,208)
Lease reassessment	(225)	-
Closing balance	34,052	45,897
Current lease liabilities	22,713	14,197
Non-current lease liabilities	11,339	31,700
	34,052	45,897

Amounts recognised in the statement of profit or loss

	Building 2023 ₦'000	Building 2022 ₦'000
Depreciation charge on right-of-use assets	15,233	15,576
Interest expense (included in finance cost)	4,900	6,557
Expense relating to short term(included in operating expenses)	49,010	78,732
	69,143	100,865

Amounts recognised in the statement of cash flows

	2023 ₦'000	2022 ₦'000
Financing activities - total cash outflow for leases	(16,520)	(20,208)

The Company's lease arrangements are for rental of office space for business purpose. The leased properties include the corporate office and liaison office. None of the lease arrangements have variable lease payments.

The Company's lease terms include an extension period of 12 months upon expiration of the current lease period, and these have been factored into the computation of the lease liability. The contracts also include termination clauses to deter the counterparty from unwarranted cancellation of the lease agreement. The lease arrangements do not include a residual value guarantee, restrictions or covenants or sale and lease back transactions.

The Company has other short term leases that recognised as directly in the statement of profit or loss and other comprehensive income and are not included in the lease measurement. The amount of these short term leases are not significant to these financial statements.

16 Inventories

	31 December 2023 ₦'000	31 December 2022 ₦'000
Distribution materials	967,509	632,503
Lubricants	3,530	7,809
General store materials	56,616	40,853
Tools	149	502
Stationeries	60,543	57,555
Write down of obsolete inventory items	(92,759)	(83,446)
	995,588	655,776

All inventories are carried at the lower of cost and net realisable value.

None of the entity's inventory has been pledged as securities for borrowings.

17 Trade and other receivables

	31 December 2023 ₦'000	31 December 2022 ₦'000
Trade receivables	271,138,145	262,963,040
Less: impairment on trade receivables (Note 17.1)	(263,567,242)	(172,071,162)
Trade receivables - net	7,570,903	90,891,878
Other receivables:		
Employee advances	24,545	33,210
Other debtors*	534,100	365,335
Tariff shortfall**	-	119,972,002
Less: impairment on tariff shortfall	-	(3,408,517)
	558,645	116,962,030
	8,129,548	207,853,908

*Other debtors include advance payment from NELMCO bidding arrangement to show interest in the bid and collection agents receivables collected from customers not yet remitted to the Company by its collection agents.

**Tariff shortfall orders were issued to reflect the impact of changes in the minor review variables in determining cost-reflective tariff and market shortfalls.

	31 December 2023 ₦'000	31 December 2022 ₦'000
17.1 Movement in impairment on trade receivable:		
1 January	172,071,162	203,536,618
Charge/(writeback) for the year- trade receivable	91,496,080	(31,465,456)
Balance as at 31 December	263,567,242	172,071,162

The average credit period on billed electricity is 30 days. No interest is charged on trade receivables.

	31 December 2023 ₦'000	31 December 2022 ₦'000
17.2 Movement in impairment on tariff shortfall:		
1 January	3,408,517	219,965
Writeback/(charge) for the year- tariff shortfall	(3,408,517)	3,188,552
Balance as at 31 December	-	3,408,517

18 Cash and cash equivalents

	31 December 2023 ₦'000	31 December 2022 ₦'000
Cash in hand	24,843	58,970
Cash at bank	3,038,562	2,109,282
	3,063,405	2,168,252

18.1 Reconciliation to cash flow statement

	31 December 2023 ₦'000	31 December 2022 ₦'000
Balances as above	3,063,405	2,168,252
	3,063,405	2,168,252

19 Trade and other payables

	31 December 2023 ₦'000	31 December 2022 ₦'000
Trade payables*	144,756,707	207,912,411
Interest payables***	43,853,355	205,452,979
Other payables**	9,498,990	8,787,106
Due to related parties	-	69,786
PAYE tax deductions	1,935,560	1,443,795
Pension	3,605,413	3,521,662
Withholding tax	492,249	425,046
Value added tax	19,006,243	17,162,735
Salaries and wages	77,873	-
	223,226,390	444,775,520

*Trade payables relates to payables to NBET at the end of the year.

**Other payables include payables to market operators, employees, kano electric, NHF, NSITF as at the end of the year.
***Interest payables relates to interest charged by NBET on outstanding trade payable for the supply of energy. Penalty for non compliance is interest at NIBOR plus 4% on all unpaid invoices within the require period.

20 Borrowings

	31 December 2023 ₦'000	31 December 2022 ₦'000
Opening balance	41,662,036	32,234,742
Additions	3,445,996	13,728,360
Reclass to account payable (a)	-	(902,081)
Interest on loan (Note 12)	5,017,342	4,034,582
Transfer to deferred grants (Note 21)	(449,892)	(1,963,127)
Principal repayment	(5,515,616)	(2,854,188)
Interest repayment	(4,145,563)	(2,231,500)
Modification gain/loss	-	(384,752)
	40,014,303	41,662,036
Bank overdraft	-	-
Closing balance	40,014,303	41,662,036
Current portion	5,632,245	4,499,740
Non- current portion	34,382,058	37,162,296
	40,014,303	41,662,036

Details of borrowings is as follow:

	Facility amount	
	31 December 2023 ₦'000	31 December 2022 ₦'000
Central Bank of Nigeria - NEMSF (a)	3,524,594	6,293,327
Central Bank of Nigeria - NMMP (b)	3,667,982	4,004,299
Central Bank of Nigeria - NEMSF 2 (c)	20,788,962	19,575,611
Central Bank of Nigeria - NEMSF 3 (d)	12,032,765	11,788,799
Total facility granted to date	40,014,303	41,662,036

a.)A 7-year, 10% interest rate Nigerian Electricity Market Stabilisation Fund (NEMSF) loan facility from the Federal Government of Nigeria through the Central Bank of Nigeria. This intervention fund was created to enable repayment of the interim period revenue shortfall and some identified legacy debts owed by the defunct PHCN up to the handover date on 4 November 2014. The full loan amount was disbursed to third parties by CBN on behalf of the company during the year. The full amount of the loan, together with all interest, is expected to be recouped from the company's tariff. The loan was disbursed in tranches, with the first tranche disbursed on 26 July 2018 and the second tranche disbursed on 24 July 2019. On 1 March 2020, as part of measures to mitigate the negative impact of the COVID-19 pandemic on the Nigerian economy, both parties agreed to restructure the repayment terms for the loan, thereby reducing the interest rate to 5% per annum until 1 September 2022. The restructuring resulted in the recognition of a modification gain of NGN210.2 million in prior year, which was recognised in the statement of profit or loss. The end date of the loan is 24 January 2025. The effective interest rate on the loan is 14.46%.

b.) A 10-year 9% interest-rate loan facility from CBN. The loan is to finance the procurement and installation of meters under Phase 1 of the National Mass Metering Programme (NMMP). The loan was disbursed on 24 December 2020 with an end date of 24 November 2030. There were additional disbursements of NGN2.1 billion and NGN31.4 million on September 2021 and 1 March 2022 respectively. To mitigate the negative impact of the COVID-19 pandemic on the Nigerian economy, the Central Bank of Nigeria reduced the interest rate on all of its intervention facilities from 9% per annum to 5% per annum until 1 September 2022. There was therefore a modification gain of NGN89.5 million in prior year which is recognised in the statement of profit or loss. The effective interest rate on the loan is 11.24%.

c.) This is a facility from NESI Stabilisation Strategy through the CBN providing KEDC with credit facility (CBN-NEMSF-2) to enable it settle it's payment obligations to NBET and the Market Operator, as well as fund its operational expenses due on the 10th anniversary of the date of the first drawdown or disbursement and no later than 31 December 2030. KEDC is to repay all outstanding amounts of the facility by the termination date. The loan was disbursed in tranches, with the first tranche disbursed on 6 January 2021, the second tranche disbursed in 21 January 2021, the third and fourth tranches disbursed on 22 February 2021 and 2 June 2021 respectively, and the fifth tranche disbursed on 4 April 2023. To mitigate the negative impact of the COVID-19 pandemic on the Nigerian economy, the Central Bank of Nigeria reduced the interest rate on all of its intervention facilities from 9% per annum to 5% per annum until 1 September 2022. There was therefore a modification gain of NGN435.6 million in 2022 which was recognised in the statement of profit or loss. The effective interest rates on the loan is 13.12%.

d.) This is a 10-year facility from NESI Stabilisation Strategy through the CBN providing KEDC with a credit facility (CBN-NEMSF-3) to enable it to upgrade critical infrastructure of the electricity networks within its franchise area for the purpose of meeting its Regulatory Service Level Obligations (SLOs) under the Service Based Tariff (SBT) regime. The loan amount of NGN13.7 billion was disbursed on 14 November 2022, with an end date of July 24 2032. The effective interest rate on the loan is 12.43%.

21 Government grants

	31 December 2023 ₦'000	31 December 2022 ₦'000
Opening balance	5,281,316	3,241,715
Additions to government grants from borrowings (Note 20)	449,892	1,963,127
Modification gain / loss	-	835,046
Amortisation to profit or loss (Note 10)	(969,715)	(758,572)
	4,761,493	5,281,316
Current portion	987,337	926,496
Non- current portion	3,774,156	4,354,820
	4,761,493	5,281,316

Government grant relates to the loan obtained from the Federal Government of Nigeria through the Central Bank of Nigeria (CBN) at a rate below the prevailing market as described in Note 20. The fair value of the grant was calculated by recognising the difference in the proceeds disbursed and the present value of the future cashflows of the loans on the grant date and subsequently amortised on a straight line basis over the tenure of the loan. There were no unfulfilled conditions relating to the grant as at the reporting date.

22.1 Share capital

	31 December 2023 ₦'000	31 December 2022 ₦'000
Authorised		
20,000,000 ordinary shares at 50 kobo each	10,000	10,000
Issued and fully paid		
20,000,000 ordinary shares at 50 kobo each	10,000	10,000

22.2 Capital contribution

	31 December 2023 ₦'000	31 December 2022 ₦'000
Balance as at 1 January	51,716,644	51,716,644
Balance as at 31 December	51,716,644	51,716,644

Capital contribution represents balance of government funding and net of assets and liabilities ceded to government agency, Nigerian Electricity Liability Management Company (NELMCO) as part of the privatisation arrangement between government representatives; Bureau of Public Enterprises and Ministry of Finance Incorporated and the previous majority shareholder, North West Power Limited.

23 Accumulated deficits

	31 December 2023 ₦'000	31 December 2022 ₦'000
Balance as at 1 January	(261,947,488)	(192,790,673)
Profit/(Loss) for the year	22,422,086	(69,156,815)
Balance as at 31 December	(239,525,402)	(261,947,488)

24 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the earnings/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	31 December 2023 ₦'000	31 December 2022 ₦'000
Profit/(Loss) attributable to equity holders of the Company	22,422,090	(69,156,819)
Weighted average number of ordinary shares in issue ('000)	20,000	20,000
Profit/(Loss) per share (Naira)	1,121	(3,458)

Loss per share is the same as the basic earnings/(loss) per share as there are no potential securities convertible to ordinary shares.

25 Cash generated from operations

	31 December 2023 ₦'000	31 December 2022 ₦'000
Reconciliation of loss before tax to cash used in operations:		
Profit/(Loss) before tax	25,928,555	(69,156,819)
Adjustments for:		
Depreciation of property plant and equipment (Note 14)	2,115,867	1,966,348
Amortisation of government grant (Note 21)	(969,715)	(758,572)
Reclass to account payable (Note 20)	-	(902,081)
Modification gain/loss (Note 21)	-	835,046
Modification gain/loss (Note 20)	-	(384,752)
Interest expense on borrowing (Note 20)	5,017,342	4,034,582
Impairment of financial asset (Note 8)	88,087,563	(28,276,904)
Minimum tax (Note 9)	387,101	387,712
Lease interest expenses (Note 15.2)	4,900	6,557
Depreciation expense on right of use asset (Note 15.1)	15,233	15,576
Gain from disposal	(1,400)	-
Finance income (Note 11)	(175,639,870)	(4,100)
Changes in working capital:		
Increase in inventories	(339,812)	3,043
Decrease in trade and other receivables	111,636,797	45,801,710
Decrease in trade and other payables	(221,549,130)	54,991,796
Cash generated from operations	(165,306,569)	8,559,142

26 Related party transactions

Related parties include the Company's shareholders, directors, their close family members, related companies within the Kaduna Electricity Distribution Plc and any employee who is able to exert a significant influence on the operating policies of the Company. Key management personnel are also regarded as related parties.

Key management personnel are among those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of the Company. Apart from compensations, the Company had no business transactions with key management personnel during the year (2022: nil).

(a) Parents and ultimate controlling entity

Effective 4 December 2014, Northwest Power Limited, incorporated in Nigeria, acquired 60% of the Company's shares under the terms and conditions of the share purchase agreement between Northwest Power Limited and Bureau of Public enterprise on 3 December, 2014.

In July 2022, due to the Company's inability to yield returns to the shareholders who had pledged their shares in the Company as collateral for loans taken from lenders, one of the lenders, Fidelity Bank, called on the collaterised shares of Northwest Power Limited, and took over the Board of the Company. In 2023, the second lender, African Export-Import Bank (AFREXIM) nominated three (3) representatives to be included as non-executive members of the Company's Board.

Furthermore, in 2024, the Nigerian Electricity Regulatory Commission (NERC) took over the Board of the Company over its inability to meet its market obligations in contravention of the Electricity Act (EA) and the terms and conditions of its electricity distribution license issued by the Commission. In July 2024, ASI Engineering Limited acquired 60% equity stake in the company. The transaction is currently subject to ratification by the relevant stakeholders and regulatory authorities. Upon completion of the ratification process, ASI Engineering Limited will be recognized as the controlling shareholder.

26.1 Key management compensation

Key management personnel of Kaduna Electricity Distribution Plc. includes its directors (executive and non-executive). See details of compensation paid/payable to key management personnel during the periods reported in Note 27.

27 Employees information

27.1 Employee costs excluding directors during the year amounted to:

	31 December 2023 ₦'000	31 December 2022 ₦'000
Wages and salaries	5,841,232	5,422,121
Pension cost	314,926	465,027
Staff welfare	639,713	838,401
	6,795,871	6,725,549
Employee cost included in:		
Cost of sales	4,941,413	4,460,435
Operating expenses	1,854,458	2,265,114
	6,795,871	6,725,549

27.2 Key management compensation

Key management includes the directors (executive and non-executive). The compensation paid to key management for employee services is shown below:

	31 December 2023 ₦'000	31 December 2022 ₦'000
Directors' fee	100,591	162,283
Fees and other compensation disclosed above includes amount paid to:		
Highest paid director	24,497	22,628

There was no other compensation paid during the period. There were no loans to key management personnel.

27.3 The average number of full-time persons employed by the Company during the year was as follows:

	Number	
	31 December 2023	31 December 2022
Management staff	203	210
Senior staff	1,561	1,622
Junior staff	1,503	1,609
	3,267	3,441

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

	Number	
	31 December 2023	31 December 2022
Below N1,000,000	475	497
N1,000,001 - N1,500,000	963	1,099
N1,500,001 - N2,000,000	1,363	1,370
N2,000,001 - N2,500,000	48	51
N2,500,001 - N3,000,000	174	183
N3,000,001 - N3,500,000	81	102
N3,500,001 - N4,000,000	51	22
N4,000,001 - N4,500,000	24	26
N4,500,001 - N5,000,000	30	29
Above N5,000,000	58	62
	3,267	3,441

28 Compliance with Financial Reporting Council of Nigeria Rules 2b and Rule 3 (Paragraph 4)

a). Details of professionals that provided assurance services to the Company during the year are below:

FRC Number	Name of Signer	Name of Firm	Services Rendered
FRC/2013/ICAN/00000003200	Faruna Damian Omaye	Faruna Omaye Consultancy Services	Tax consultancy

b). The auditors did not provide any non-audit services to the Company in the year.

29 Contingent liabilities

A contingent liability is a potential liability that may occur depending on the outcome of an uncertain future event not wholly within the control of the Company.

There were a number of claims against the Company arising from litigations over its normal course of operations. The entity has been advised by its legal counsel that the cases relating to this amount of ₦702.3m (2022: ₦109.8m) is determined based on possible occurrences, though unlikely to occur, and may not result in a payout.

30 Capital commitments

The Company had no capital commitments as of the balance sheet date (2022: nil).

31 Loans receivable

Loans receivable relates to amounts receivable from Transmission Company of Nigeria (TCN), for investment in their network, which was financed by a loan from CBN. This loan is recoverable through the monthly invoice payable to TCN.

The monthly repayment of the loan is net-off against amount payable to TCN for electricity supply. Loans receivable are presented at amortised cost, which is net of loss allowance, as follows

	31 December 2023 ₦'000	31 December 2022 ₦'000
Loans receivable from TCN	13,696,949	13,696,949
Current portion	220,736	-
Non-current portion	13,476,213	13,696,949
	13,696,949	**13,696,949**

32 Going concern

As at 31 December 2023, the Company's current liabilities exceeded its total assets by ₦150 billion (2022: ₦169 billion). The Company has continued to incur gross losses from its inception largely as a result of poor collections and huge infrastructural deficiency across all segments of the business value chain. There are also regulatory impositions that have hindered the Company from actualizing its optimal potentials.

Due to the Company's inability to yield returns to the shareholders who had pledged their shares in the Company as collateral for loans taken from lenders, one of the lenders, Fidelity Bank, called on the collaterised shares of Northwest Power Limited, and took over the Board of the Company in July 2022. In 2023, the second lender, African Export-Import Bank (AFREXIM) nominated three (3) representatives to be included as non-executive members of the Company's Board.

Furthermore, in 2024, the Nigerian Electricity Regulatory Commission (NERC) took over the Board of the Company over its inability to meet its market obligations in contravention of the Electricity Act (EA) and the terms and conditions of its electricity distribution license issued by the Commission after which there was a 60% equity share purchase by ASI Engineering Limited.

The Nigerian Electricity Regulatory Commission also threatened to revoke the company's license in the electricity industry on the national dailies in May and July 2023, over poor market remittances in accordance with section 74 of EPSRA.

The Company was able to collect only about 64 percent payments from electricity supplied to its postpaid customers (category of consumers which accounts for about 88 percent of the Company's total revenue) consequently affecting the working capital requirement of the Company. This has significantly affected the Company's obligation to NBET, ONEM, TCN and other market operators. These collection losses are largely attributable to security challenges of banditry to include rustling and kidnapping which have permeated large expanse of our franchise area particularly within Sokoto, Zamfara & Kaduna States respectively. Lack of unrestricted access to these locations has hindered the company's ability to effectively implement revenue-boosting initiatives, thus negatively impacting collection efficiency.

The US Dollar indexation of gas pricing to the Electricity Generation Companies (GenCos) continues to pose threats to the existence of the Company. A further depreciation of the Naira present significant challenge due to the absence of a cost reflective tariff that would have guaranteed the recovery of any increase in cost of electricity from the GenCos.

These circumstances give rise to a material uncertainty relating to going concern and cast doubt on the ability of the Company to meet its obligations as they fall due, and accordingly the appropriateness of the use of accounting policies applicable to a going concern.

The following regulatory issues together with the strategies introduced by the directors would ensure that the Company continue as a going concern;

National Mass Metering Program (NMMP)
The National Mass Metering Program (NMMP) is a Central Bank of Nigeria (CBN)-supported initiative aimed at bridging the metering gap in the country. The program provides financing to power distribution companies, enabling them to procure and install energy meters on a large scale through Meter Asset Providers.

The cost of the meters will be recovered over a 10-year period. Currently, phase 0 of the NMMP is underway, and phase 1 is expected to commence shortly, further reducing the metering gap. Additionally, a new tranche of funding is scheduled to be released in the first quarter of 2024, which will provide a significant boost to the program's efforts to ensure that more Nigerian households and businesses have access to accurate and reliable energy metering while also improving the revenue of the Disco.

Meter Stabilization Fund
The Nigerian Electricity Regulatory Commission (NERC), made a provision for the establishment of this fund to support the deployment of end-user meters. The provision is made on our revenue requirement as a monthly contribution to the fund which started in 2023 and for long term financing to fund the rapid closure of our customer metering gap in order to reduce estimated billings, reduce the capped billing and ensure efficiency in billing and collection and eventually a reduction in our ATC&C losses. Disbursement was made directly to contractors under Kaduna Electric in 2024.

Acquisition by ASI Engineering Limited
In July 2024, ASI Engineering Limited acquired a 60% stake in the company. This strategic investment will significantly strengthen Kaduna Electricity by providing essential capital contributions and technical expertise. As a result, the company will be better equipped to meet regulatory obligations, enhance revenue collection, and boost customer satisfaction.

NERC Order On Embedded Generation
The Nigerian Electricity Regulatory Commission (NERC) has mandated Kaduna Electric to procure a minimum of 26MW capacity of embedded generation which is 10% of its load allocation to improve power supply reliability and reduce dependency on the unstable national grid. To facilitate this, Kaduna Electric have designated specific sites within their franchise areas for potential developers to operate as mini-Discos on a franchise arrangement This initiative is expected to positively impact the company's going concern by improving efficiency, reducing transmission losses, and potentially increasing revenue and profitability. The project is anticipated to be fully operational by April 2025.

Financial Performance
Achieving a net profit and positive EPS in 2023 reflect strong financial performance and operational efficiency, which boosts investor confidence and market credibility. The positive EPS which also signifies value creation for shareholders will make the company more appealing for future investments and partnerships.

The Company continues to adopt the going concern basis of accounting in the annual financial statements. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern. Such adjustments could be material.

33 Events after reporting period

(a) In July 2024, ASI Engineering Limited acquired 60% equity shares in the Company following regulatory approvals. Prior to approval, NERC considered the acquisition in furtherance of the Commission's objective of ensuring that core investors in distribution companies are managed by suitably qualified investors that are committed to efficient operations and excellence service delivery. The transaction is currently subject to ratification by the relevant stakeholders. Upon completion of the ratification process, ASI Engineering Limited will be recognized as the controlling shareholder.

(b) On 8 February 2024, the Nigerian Electricity Regulatory Commission (NERC) issued Order No. NERC/2024/011 in respect of non-compliance by Kaduna Electricity Distribution Plc with the approved capping of estimated bills for the period January to September 2023. Following a performance review, NERC determined that the Company had exceeded the monthly estimated billing caps set by the Commission. As a result, the order directed the Company to issue credit adjustments totaling ₦1.1 billion to affected customers for overbilled amounts.
In addition, a regulatory penalty of ₦114.5 million, representing 10% of the overbilled amount, was imposed to deter future non-compliance.

This event provides further evidence of conditions that existed as at 31 December 2023. In accordance with IAS 10, the required revenue adjustments, customer credits, and the associated penalty have been recognized in the financial statements for the year ended 31 December 2023.

There were no other events after the reporting date of 31 December 2023 that could have had a material effect on the financial statements that have not been provided for or disclosed.

OTHER NATIONAL DISCLOSURES

	2023 ₦'000	%	2022 ₦'000	%
Revenue	45,565,729	64	65,494,761	247
Other income	33,630,778	47	12,497,938	47
Finance income	175,639,870	247	4,100	-
	254,836,377		77,996,799	
Less: brought-in materials and services	(183,779,560)	(258)	(51,514,645)	(194)
Value added	71,056,817	100	26,482,154	100
Distributed as follows				
Employees:				
To pay salaries, wages and other staff costs	6,795,871	10	6,725,549	25
Providers of capital				
Finance Cost	36,216,524	50	86,947,076	328
Government				
Income tax	3,506,465	5	-	-
Retained for the Company's future				
Depreciation of property, plant and equipment	2,115,867	3	1,966,348	7
Profit/(loss) for the year	22,422,090	32	(69,156,819)	(260)
Value added	71,056,817	100	26,482,154	100

The value added statement is presented in this financial statements for the purpose of complying with the Companies and Allied Matters Act disclosure requirements.

Statement of financial position

	31 December 2023 ₦'000	31 December 2022 ₦'000	31 December 2021 ₦'000	31 December 2020 ₦'000	31 December 2019 ₦'000
ASSET EMPLOYED					
Non current assets	73,656,362	72,800,578	58,869,227	51,582,169	48,652,710
Current assets	12,409,277	210,677,936	228,240,764	242,324,689	200,105,323
Non current liabilities	(38,167,553)	(41,548,816)	(30,678,825)	(21,870,085)	(17,314,996)
Current liabilities	(235,696,844)	(452,150,546)	(397,500,195)	(376,946,238)	(281,789,834)
Net liability	**(187,798,758)**	**(210,220,848)**	**(141,069,029)**	**(104,909,465)**	**(50,346,797)**
FINANCED BY					
Share capital	10,000	10,000	5,000	5,000	5,000
Capital contribution	51,716,644	51,716,644	51,716,644	51,716,645	51,716,644
Accumulated deficits	(239,525,402)	(261,947,492)	(192,790,673)	(156,631,110)	(102,068,441)
Total equity	**(187,798,758)**	**(210,220,848)**	**(141,069,029)**	**(104,909,465)**	**(50,346,797)**
TURNOVER AND PROFIT					
Revenue	45,565,729	65,494,761	87,313,185	47,943,418	46,289,796
Profit/(loss) before income tax	25,928,555	(69,156,819)	(35,703,126)	(54,562,668)	(32,494,907)
Income tax expenses	(3,506,465)	-	(456,437)	-	-
Profit/(loss) for the year	22,422,090	(69,156,819)	(36,159,563)	(54,562,668)	(32,494,907)
Total comprehensive profit/(loss)	22,422,090	(69,156,819)	(36,159,563)	(54,562,668)	(32,494,907)
Per share data (Kobo)					
Profit/(loss) per share	**224,221**	**(691,568)**	**(361,596)**	**(545,627)**	**(324,949)**
Net liability	**(1,877,988)**	**(2,102,208)**	**(1,410,690)**	**(1,049,095)**	**(503,468)**

NOTES

Basic profit/(loss) per share are calculated based on the profit/loss) for the year and the number of issued and fully paid ordinary shares at the end of each financial year.

Net liability per share are based on the net liability and the number of ordinary shares in issue and fully paid at the end of each financial year.