TRANSCORP POWER PLC (*FORMERLY TRANSCORP POWER* LIMITED)

ANNUAL REPORTS AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2023

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Corporate information

Company Registration No.	RC 1067143	
Tax Identification number	14640316-0001	
Corporate Office	38 Glover Road Ikoyi, Lagos Nigeria.	
Plant Operations	Transcorp Power Plc. KM 20 Warri/Patani Expressway Ughelli Delta State, Nigeria	
Board of Directors	Mr. Emmanuel Nnorom	Chairman
	Mr. Christopher Ezeafulukwe	Managing Director/Chief Executive Officer – Resigned August 31, 2023
	Mr. Peter Ikenga	Managing Director/Chief Executive Officer – Appointed September 1, 2023
	Dr. (Mrs.) Owen Omogiafo, OON	Non-Executive Director
	Mr. Adim Jibunoh	Non-Executive Director
	Mr. Peter Hertog (Dutch)	Non-Executive Director
	Mr. Risqua Muhammed	Non-Executive Director
	Prof. Sylvester Monye, MFR	Independent Non-Executive Director – Retired December 1, 2023
	Mr. Vincent Ozoude	Non-Executive Director
Independent Auditors	Messrs. Deloitte & Touche Chartered Accountants Civic Towers Plot GA 1 Ozumba Mbadiwe Avenue Victoria Island, Lagos Nigeria	
Principal Banker	United Bank for Africa Plc	
Company Secretary	Stanley Chikwendu 38 Glover Road Ikoyi, Lagos, Nigeria.	

Reports of the Directors

The Directors submit their report together with the audited financial statements for the year ended 31 December 2023, to the members of Transcorp Power Plc. ("the Company"). This report discloses the financial performance and state of affairs of the Company.

Incorporation and address

The Company is the successor company from the merger of Transcorp Ughelli Power Limited and Ughelli Power Plc. Transcorp Ughelli Power Limited was incorporated in Nigeria on 24 September 2012, under the Companies and Allied Matters Act, CAMA 2020 as a private limited liability company for the purpose of acquiring 100% shareholding in Ughelli Power Plc from the Federal Government of Nigeria on 1 November 2013.

On 1 October 2015, Transcorp Ughelli Power Limited merged with its subsidiary, Ughelli Power Plc with a resultant change in name to Transcorp Power Limited and cancellation of the share capital of Ughelli Power Plc. No new company was formed.

On 19 December 2023 the company held an Extra Ordinary Meeting (EGM) and passed a resolution to convert the company from a Private Limited Liability Company to a Public Limited Liability Company, and the consequent change of name from Transcorp Power Limited to Transcorp Power Plc. At the same meeting, the company increased its share capital from ₦42,733,641.50 divided into 85,467,283 ordinary shares of ₦0.50 each to ₦3,750,000,000.00 divided into 7,500,000,000 ordinary shares of ₦0.50 each by the creation of an additional 7,414,532,717 ordinary shares of ₦0.50 each. It was also approved that the shares of the company be listed on the main Board of the Nigerian Exchange Limited.

The address of the company's registered office is:
38 Glover Road
Ikoyi, Lagos, Nigeria.

Principal activities

The Company is mainly engaged in the generation and sale of electric power.

Results	**31 December 2023 N'000**	**31 December 2022 N'000**
Revenue	142,122,364	90,349,386
Profit before income tax	52,763,701	28,618,977
Income tax expense	(22,530,171)	(11,335,571)
Profit for the year	30,233,530	17,283,406

Dividend

The Board of Directors recommended an interim dividend of N23,462,335,236 (2022: N17,166,275,000). The dividend is subject to Shareholders' approval at the next Annual General Meeting (AGM) of the Company. The dividend is subject to withholding tax at the rate of 10%.

Directors

The names of the Directors at the date of this report and of those who held office during the year are as follows:

Mr. Emmanuel Nnorom	Chairman
Mr. Christopher Ezeafulukwe	Managing Director/Chief Executive Officer - Resigned August 31, 2023
Mr. Peter Ikenga	Managing Director/Chief Executive Officer - Appointed September 1, 2023
Dr. (Mrs.) Owen Omogiafo, OON	Non-Executive Director
Mr. Adim Jibunoh	Non-Executive Director
Mr. Peter Hertog (Dutch)	Non-Executive Director
Mr. Risqua Muhammed	Non-Executive Director
Prof. Sylvester Monye, MFR	Independent Non-Executive Director – Retired December 1, 2023
Mr. Vincent Ozoude	Non-Executive Director

Reports of the Directors (cont'd)

Directors' interests in contracts

For the purpose of Section 277(4) of the Companies and Allied Matters Act, CAMA 2020, Thomassen Service Middle East LLC ("Thomassen") Thomassen is a company where Mr. Peter Hertog has a controlling interest. No other Director has notified the Company of his or her direct or indirect interest in contracts or proposed contracts with the Company during the year.

Directors' shareholding

For the purpose of Sections 302 and 303 of the Companies and Allied Matters Act, CAMA 2020, some of the Directors have indirect holding in the Company as a result of being principal officers or key shareholders in the various companies that are shareholders of Transcorp Power Plc.

Full Name	**Position**	**Direct Holding**	**Indirect Holding**	**Companies represented by indirect holding**
Mr. Emmanuel Nnorom	Chairman	17,349,873	N/A	N/A
Mr. Peter Ikenga	Managing Director	N/A	N/A	N/A
Dr. (Mrs.) Owen Omogiafo, OON	Non-Executive Director	17,349,873	3,867,409,318	Transnational Corporation Plc
Mr. Adim Jibunoh	Non-Executive Director	N/A	N/A	N/A
Mr. Peter Hertog (Dutch)	Non-Executive Director	N/A	192,898,379	Thomassen Holding Limited
Mr. Risqua Muhammed	Non-Executive Director	N/A	560,506,826	Woodrock Energy Resources Limited
Prof. Sylvester Monye, MFR	Independent Non-Executive Director	N/A	N/A	N/A
Mr. Vincent Ozoude	Non-Executive Director	N/A	N/A	N/A

Shareholding

According to the register of members at 31 December 2023, the shareholding in the Company was as follows:

	FY 2023 No of shares	**% Holding**	**FY 2022 No of shares**	**% Holding**
Transnational Corporation Plc	3,867,409,318	51.57%	40,925,262	51.02%
RichPoint Limited	2,495,397,960	33.27%	24,284,918	30.27%
Woodrock Energy Resources Limited	560,506,826	7.47%	9,858,713	12.29%
Seaforce Investments Limited	270,090,268	3.60%	3,007,861	3.75%
Thomassen Holding Limited	192,898,379	2.57%	2,041,267	2.54%
HH Capital Limited	49,880,886	0.67%	-	-
Mr. Emmanuel Nnorom	17,349,873	0.23%	-	-
Dr. (Mrs.) Owen Omogiafo, OON	17,349,873	0.23%	-	-
Mr. Christopher Ezeafulukwe	10,843,670	0.14%	-	-
PSL Engineering and Control Limited	9,298,010	0.12%	98,392	0.12%
Mr. Samuel Nwanze	8,674,937	0.12%	-	-
United Capital Trustees	300,000	0.01%	-	-
	7,500,000,000	**100%**	**80,216,413**	**100%**

Reports of the Directors (cont'd)

Equal employment opportunity
The Company pursues an equal employment opportunity policy. It does not discriminate against any person on the grounds of race, religion, colour, or physical disability. As at 31 December 2023 no disabled person employed in the Company.

Employment of disabled persons
The Company has a policy of fair consideration of job applications by physically challenged persons having regard to their abilities and aptitude. The Company's policy prohibits discrimination against such persons in the recruitment, training, and career development of its employees. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues, and that appropriate training arrangements are made.

Employee health, safety and welfare
The Company maintains business premises and work environments that promote the safety and health of its employees and other stakeholders. The Company's rules and practices in this regard are reviewed and tested regularly. Also, the Company provides free medical insurance for its employees and their families through selected health management organisations and hospitals. In addition, the company has an on-site clinic for staff and provides lunch on site, to improve employee wellbeing.

Employee training and involvement
The Company places a high premium on the development of its manpower and consults with employees on matters affecting their well- being. Formal and informal channels of communication are employed to keep staff abreast of various factors affecting the performance of various businesses in the Company. In-house and external trainings are carried out at various levels across the business chains in the Company. The Company's skill base has been extended by a range of training provided to employees.

Prohibition of Insider Trading – Code of Conduct for Directors & Staff
The Company has a Code of Conduct which guides members of the board, Staff, Contractors, Suppliers, Consultants, and business partners in areas of Health and Safety, Anti-bribery, Ethical Behaviour, Money laundering, Securities Trading, Insiders dealing, Discrimination, Drugs, Alcohol, and Substance abuse or trafficking, Conflict of Interest disclosures, Anti-Trust, Relationships with Customers, Information Security Management and more. Each member of staff and Director is made to sign an undertaking to abide by the Company's Code of Conduct.

Complaint Management Procedure
A dedicated process and feedback mechanism for the management and resolution of shareholders' complaints is in place and can also be accessed on the Company's website.

Risk Management Policy and Practices
The Company has an Enterprise Risk Management Framework, which sets out the governance structure, process and policy requirements for the consistent management of risk. The Framework was developed to institutionalize risk management practices in the company. It covers principles such as Risk Management Objectives, Risk Management Strategies, Risk Management Philosophy and Culture, Risk Appetite and Risk Oversight as well as the processes including risk identification, analysis, management, monitoring, reporting and communication. The Board sets the tone, and the risk appetite for each business and risks identified. Management assesses the risks following a quarterly risk assessment exercise. The Finance and Investment Committee (FIC) has oversight over risk management. The risk report is presented quarterly at each FIC meeting and key risks noted are escalated to the Board with recommendations from the FIC on how to manage them effectively. The risk management systems and practices at the Company are effective and efficient.

Property, plant and equipment
Information relating to changes in Property, plant and equipment is provided in Note 15 to the financial statements. In the opinion of the Directors, the market value of the Property plant and equipment is not less than the carrying value.

Reports of the Directors (cont'd)

Format of the financial statements
The financial statements are presented in accordance with the reporting and presentation requirements of the Companies and Allied Matters Act, CAMA 2020 and International Financial Reporting Standards. The Directors consider that the format adopted is the most suitable for the Company.

Securities Trading Policy
The Company's Code of Conduct prohibits employees and Directors from insider trading, dealings and stock tipping during closed periods. The Capital Market, Board, Management and Employees would be regularly notified of closed periods.

Fines and Penalties
The Company was not fined during the year under review.

The Nature of any Related Party Relationship and Transaction
Note 23 provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Events after the reporting date
As stated in Note 31, subsequent to the year end, the Company's shares were listed on the Main Board of the Nigerian Exchange Limited (NGX Exchange) on 4th March 2024. A new Independent Non-Executive Director, Mr. Charles Odita was appointed in March 2024. Apart from these, there are no other significant subsequent events which could have had a material effect on the state of affairs of the Company as at 31 December 2023. The free float of the company as at the date of listing March 4, 2024 was 654,801,359 representing 8.73%.

Donations/Charitable Gifts
Donations made during the year nil (2022: N637million).

Independent Auditors
Messrs. Deloitte & Touche have expressed their willingness to continue to be the Company's auditors in accordance with Section 401 (1) of the Companies and Allied Matters Act, CAMA 2020. A resolution shall be made at the annual general meeting authorizing the Directors to determine their remuneration.

By Order of the Board

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Stanley Chikwendu
Company Secretary
FRC/2012/PRO/NBA/002/00000000590

6th March 2024

Corporate Governance Report

Transcorp Power Plc (formerly Transcorp Power Limited) places great value on the maintenance of the highest standards of corporate governance through a culture of strong business ethics, sound policies and procedures and effective internal control systems. The principles of good corporate governance are at the centre of Transcorp Power Plc's business, and they are important elements in creating and sustaining value for the Company's key stakeholders.

The Board is responsible for embedding high standards of corporate governance across the Company. It ensures that Management implements adequate policies, procedures, and systems to produce an efficiently functioning company, geared towards the creation and sustenance of shareholder and other stakeholder value.

Consequently, the Company has continued to work relentlessly towards improving not only its financial performance but also good corporate governance practices, without which financial performance is not sustainable in the long run.

During the year ended December 31, 2023, the Company continued to maintain good corporate governance practices.

1. Overview

The Board is the focal point of the Company's corporate governance structure. Members of the Board are required to uphold good corporate governance practices when performing their fiduciary duties and responsibilities. The Board Committees, terms of reference are spelt out in the Board and Committees Governance Charter. It exist to help the Board perform its functions and realize the Company's objectives. The delegation of these functions does not in any way mitigate or discharge Board members from the performance of their duties and responsibilities.

The following Board Committees exist in the Company: Technical Committee (TC), Finance and Investment Committee (FIC) and the Board Audit and Governance Committee (BAGC). Existing corporate governance policies approved by the Board of Directors remained operational throughout the period under review. The Internal Control Framework was approve d during the year.

The following are details of some policies that promote good Corporate Governance in the Company:

1.1. Governance Framework

This framework explains the governance policies applicable to the Company's businesses. It provides policy development and application, policy classification, review, and revision as well as policy deviations and guiding templates.

1.2. Board and Board Committees Governance Charter

This Charter provides for the types of Committees, their composition mandate, terms of reference and functions. The roles and responsibilities of the Board, each Committee, Non- Executive Directors, the MD/CEO, Executives, and the Company Secretary are also highlighted. It also provides for tenure, meetings, quorum, proceedings, appointments, and the overall governance framework for the Board, Board Committees, and members.

1.3. Executive Management Charter

This Charter provides for the Executive Management Committee (EMC) of the Company – its composition, role, terms of reference, proceedings, and general governance framework for Management.

1.4. Code of Conduct

This Policy was designed to adopt a consistent approach on integrity issues between the Company and its employees, Directors, government officials, business partners and customers. It provides the policies and procedures to be followed on anti – corruption, conflict of interest, anti – bribery/improper payments, money laundering, terrorism financing and insider trading (black out policy). Upon appointment, each staff and Director signs an undertaking to abide by the provisions of this Code. Declarations of compliance are also executed annually.

Corporate Governance Report (cont'd)

1.5 Whistleblowing Policy

This policy sets out the modalities for reporting in good faith and investigating suspected cases of fraudulent, illegal and unethical activities in the Company. The policy also provides a mechanism for reporting and investigating suspected cases of fraudulent and illegal activities, to encourage all stakeholders to report suspected cases of fraudulent and illegal activities and to reinforce the Company's non-victimization policy for any stakeholder that reports concerns in good faith.

1.6. Non-Audit Services Policy

The policy was developed to mitigate any risks threatening, or likely to threaten, the external auditor's independence and objectivity arising through the provision of non-audit services to the Company.

2 Board of Directors

2.1. General

The Board of Directors' primary responsibility is to effectively represent and promote the interest of shareholders and relevant stakeholders, by sustainably adding value to the Company's performance.

The Board consists of eight (8) members made up of one Executive Director, six (6) Non-Executive Directors and one (1) independent Non-Executive Director. In accordance with the provisions of the Companies and Allied Matters Act 2020 and the Board Governance Charter of the Company, the Chairman of the Board of Directors presides over board proceedings. The Board met six (6) times during the 2023 financial year, exceeding the basic requirement of once in a quarter recommended by the Nigerian Code of Corporate Governance. The details of the Directors' attendance of Board meetings are disclosed in this Corporate Governance Report.

The Board has established formal delegations of authority, defining the limits of Management's power and authority and delegating to Management certain powers to run the day-to-day operations of the Company. The delegation of authority conforms to statutory limitations specifying responsibilities of the Board that cannot be delegated to Management. Any responsibility not delegated remains with the Board and its committees. The Company has continued to benefit tremendously from the wealth of experience of its directors, all successful individuals who have distinguished themselves in their chosen fields.

2.2. Board Appointment, Induction and Training Processes

Directors are appointed on the recommendation of the Board Audit and Governance Committee in accordance with the Board and Board Committees Governance Charter. In choosing Directors, the Company seeks individuals who have very high integrity, a good image and reputation, shareholder orientation, no conflict of interest, a genuine interest and commitment to the company.

The Company has in place a formal Director Induction Plan & Procedure. Newly appointed Directors undergo an induction program to become knowledgeable about the business, its governance structure; its key officers; its subsidiaries' businesses, facilities, and operational procedures. They are also trained along with other Board members Groupwide.

2.3. Separation of the position of Chairman and Managing Director

During the year under review, the positions of Chairman and Managing Director/CEO were held by different persons in accordance with global best practices in Corporate Governance.

2.4. Membership and Changes on the Board

As at year ended December 31, 2023, there were seven (7) Non-Executive Directors and one (1) Executive Director on the Board. Out of the seven Non- Executive Directors, one is an Independent Director. There were three changes on the Board during the period under review. the MD/CEO (Mr. Christopher Ezeafulukwe) resigned and a Non -Executive Director (Mr. Peter Ikenga) was appointed to replace him and Prof. Sylvester Monye, MFR an Independent Non-Executive Director retired on December 1, 2023

Corporate Governance Report (cont'd)

The composition of the Board of Directors of the Company is as follows:

SN	Director	Position	Date Appointed to/Exited the Board	Date re-appointed/re-elected
1	Mr. Emmanuel Nnorom	Chairman	Appointed: January 2014	Date last re-elected: April 6 2022
2	Mr. Christopher Ezeafulukwe	MD/CEO	Resigned: August 31 2023	NA
3	Mr. Peter Ikenga	MD/CEO	Appointed MD/CEO September 1, 2023	NA
4	Dr. (Mrs.) Owen Omogiafo, OON	Non-Executive Director	Appointed: March 2020	Date last re-elected: April 6, 2022
5	Mr. Adim Jibunoh	Non-Executive Director	Appointed: July 2017	Date last re-elected: April 6, 2022
6	Mr. Peter Hertog	Non-Executive Director	Appointed: November 2012	Date last re-elected: April 5, 2023
7	Mr. Risqua Muhammed	Non-Executive Director	Appointed: November 2012	Date last re-elected: April 5, 2023
8	Prof. Sylvester Monye, MFR	Independent Non-Executive Director	Appointed: December 2014 Retired: December 1, 2023	Date last re-elected: April 23, 2021
9	Mr. Vincent Ozoude	Non-Executive Director	Appointed: February 2021	NIL

The Tenure of Service for the Director is as indicated in the table below:

S/N	Directors	Tenure of service
1.	Mr. Emmanuel N. Nnorom	10 years
2.	Mr. Peter Ikenga	2 years, 7 months as Non-Executive Director and 4 Months as MD/CEO
3.	Mr. Christopher Ezeafulukwe	3 years 6 months
4.	Dr. (Mrs.). Owen D. Omogiafo, OON	4 years
5.	Mr. Adim Jibunoh	6 years
6.	Mr. Peter Hertog	11 years
7.	Mr. Risqua Muhammed	11 years
8.	Prof. Sylvester Monye, MFR	9 years
9.	Mr. Vincent Ozoude	3 years

The Directors to retire by rotation and offering themselves for re-election are Mr Adim Jibunoh and Mr. Vincent Ozoude.

2.5. Board Meeting Attendance

The Chairman of the Board of Directors presides over the Board and General Meetings. The Board met six (6) times in the year 2023. The table below shows Directors' attendance at Board meetings for the year.

Corporate Governance Report (cont'd)

2.5. Board Meeting Attendance (cont'd)

BOARD MEETINGS

Director	Total Attendance	2 Mar	14 Apr	15 Aug	14 Nov	4 Dec	18 Dec
Mr. Emmanuel Nnorom	6	✓	✓	✓	✓	✓	✓
Mr. Christopher Ezeafulukwe	3	✓	✓	✓	NA	NA	NA
Dr. (Mrs.) Owen D. Omogiafo	6	✓	✓	✓	✓	✓	✓
Mr. Adim Jibunoh	6	✓	✓	✓	✓	✓	✓
Mr. Risqua Muhammed	6	✓	✓	✓	✓	✓	✓
Mr. Peter Hertog	6	✓	✓	✓	✓	✓	✓
Prof. Sylvester Monye, MFR	6	✓	✓	✓	✓	✓	✓
Mr. Peter Ikenga	6	✓	✓	✓	✓	✓	✓
Mr. Vincent Ozoude	6	✓	✓	✓	✓	✓	✓

Key

✓ = Director was present for Meeting
✗ = Director was absent with an apology
N/A = Not Applicable. Director was either not yet appointed to the Board or had resigned.

Mr. Christopher Ezeafulukwe resigned as MD/CEO on August 31, 2023 and Mr. Peter Ikenga was appointed MD/CEO on September 1, 2023 and Prof. Sylvester Monye, MFR Independent Non-Executive Director retired on December 1, 2023. However, Prof. Sylvester Monye MFR, was invited to attend the board meetings on the 4th December 2023 and 18th December 2023 not as a board member.

2.6. Board Committees

2.6.1. Technical Committee

The Technical Committee ("TC") provides oversight on matters of technical nature together with health, safety and environmental matters as they relate to the operations of the Company. Terms of Reference of the TC include:

i. Making recommendations on the plant output target of the Company for the year in terms of megawatts (MW).
ii. Providing maintenance recommendations and maintenance blueprints for plant equipment for the year.
iii. Providing oversight on both human and material resources needed to be deployed in order to achieve megawatt output target and to carry out maintenance works.
iv. Providing recommendations on technical partnerships and joint ventures with other companies.
v. Providing recommendations and oversight for the company's expansion plans.
vi. Reviewing/approval of major acquisition and rehabilitation agreements.
vii. Providing oversight on the company's regulatory compliance.
viii. Providing oversight on the company's HSE implementation.
ix. Reviewing plant performance quarterly and yearly.

Technical Committee members as at year ended December 31, 2023:

Name	Designation
1. Mr. Vincent Ozoude	- Chairman
2. Mr. Peter Ikenga	- Member
3. Dr. (Mrs.) Owen Omogiafo, OON	- Member
4. Mr. Peter Hertog	- Member

The Committee met four (4) times in the year under review. The table below shows the meeting dates and members' attendance in 2023:

Corporate Governance Report (cont'd)

2.6.1. Technical Committee (cont'd)

Director	Total Attendance	19 Jan	22 May	1 Jun	5 Oct
Mr. Vincent Ozoude*	4	✓	✓	✓	✓
Mr. Peter Ikenga	4	✓	✓	✓	✓
Dr. (Mrs.) Owen Omogiafo, OON	4	✓	✓	✓	✓
Mr. Peter Hertog	3	✓	✓	✓	✗

Key
✓= Director was present for Meeting
N/A = Not Applicable. Director was either not yet appointed to the Board or had resigned.
✗ = Director was absent with an apology
*Mr. Vincent Ozoude was appointed Chairman of the Technical Committee on August 15, 2023
The meeting of May 22, 2023 was a joint meeting of the Technical Committee and Finance and Investment Committee.

2.6.2. Finance and Investment Committee

The Finance and Investment Committee (FIC) has primary responsibility for providing oversight and guidance on matters that relate to finance, investment, company performance and strategy and governance. The Terms of Reference of the

Committee include:

i. Advising the Board on all matters relating to finance, procurement, general purposes and staffing policy and the Chief Executive on financial arrangements.
ii. Ensuring that adequate and comprehensive financial controls are in place and implemented in line with Financial Regulations.
iii. Recommending the annual accounts to the Board.
iv. Advising on the appointment of the Auditors and on matters arising from the audit.
v. Considering and recommending annual estimates of income and expenditure to the Board.
vi. Monitoring income and expenditure against yearly estimates.
vii. Monitoring and recommend action in relation to debtors.
viii. Requesting and receiving reports from other Committees on any matter having a financial implication.
ix. Contributing to and reviewing financial planning as part of the strategic and business planning process.
x. Monitoring and advising on staffing arrangements and budgets.
xi. Having oversight of the assessment of risk and actions taken to minimise risk.
xii. Monitoring other aspects of activities including internal targets, health and safety.

FIC members as of December 31, 2023 are:

Name	Designation
Dr. (Mrs.) Owen Omogiafo, OON	- Chairman
Mr. Peter Ikenga	- Member
Mr. Risqua Muhammed	- Member
Mr. Adim Jibunoh	- Member

The FIC met three (3) times in the year under review. The table below shows the meeting dates and members' attendance in 2023:

Corporate Governance Report (cont'd)

2.6.2. Finance and Investment Committee (cont'd)

Director	Total Attendance	1 Feb	22 May	17 Oct
Dr. (Mrs.) Owen Omogiafo, OON	3	✓	✓	✓
Mr. Peter Ikenga*	1	NA	NA	✓
Mr. Risqua Muhammed	3	✓	✓	✓
Mr. Adim Jibunoh	3	✓	✓	✓

Key
✓= Director was present for Meeting
× = Director was absent with an apology
N/A = Not Applicable. Director was either not yet appointed to the Board or had resigned.
Mr. Peter Ikenga became a member of the Finance and Investment Committee on, September 1, 2023 following his appointment as the MD/CEO.

2.6.3. Board Audit and Governance Committee

The Board Audit and Governance Committee is responsible for audit, remuneration, nomination and governance. Its Terms of Reference include:

i. Establishing procedures for the nomination of Directors
ii. Advising and recommending to the Board the composition of the Board
iii. Approving recruitments, promotions, redeployments, and disengagements for the Company/Heads of departments that make up the Executive Management Committee.
iv. Reviewing and evaluating the skills of members of the Board
v. Recommending to the Board, compensation for all staff of the Company
vi. Advising the Board on corporate governance standards and policies
vii. Reviewing and approving all human resources and governance policies for the Company
viii. Reviewing and recommending to the Board and Shareholders any changes to the Memorandum and Articles of Association
ix. Evaluating and appraising the performance of the Board and Board Committees and its members annually in conjunction with consultants
x. Monitoring other aspects of activities of the Company including internal targets, health, and safety.
xi. Evaluating the adequacy of internal audits and internal controls that could significantly affect the Company's financial statements and special audit steps adopted in the event of significant control deficiencies, if any, including those reported by internal audit.

BAGC members as at December 31, 2023 are:

Prof. Sylvester Monye, MFR (Retired Dec 1, 2023)	- Chairman
Dr. (Mrs.) Owen Omogiafo, OON	- Member
Mr. Adim Jibunoh	- Member
Mr. Vincent Ozoude	- Member

Corporate Governance Report (cont'd)

2.6.3. Board Audit and Governance Committee (cont'd)

The BAGC met three (3) times in the year under review. The table below shows the meeting dates and members' attendance in 2023:

Director	Total Attendance	1 Feb	21 Feb	17 Oct
Prof. Sylvester Monye, MFR	3	✓	✓	✓
Dr. (Mrs.) Owen Omogiafo, OON	3	✓	✓	✓
Mr. Adim Jibunoh	3	✓	✓	✓
Mr. Peter Ikenga*	2	✓	✓	NA
Mr. Vincent Ozoude	3	✓	✓	✓

Key
✓ = Director was present for Meeting
✘= Director was absent with an apology
N/A = Not Applicable. Director was either not yet appointed to the Board or had resigned.
*Mr. Peter Ikenga resigned from the Committee following his appointment as MD/CEO on September 1, 2023.

2.6.4.1 Executive Management Committee

The Executive Management Committee (EMC) is charged with the primary responsibility of making decisions on the effective and efficient management of the Company. Below are other specific functions of the EMC:

- Articulate the strategy of the Company and recommend same to the Board for approval.
- Discuss strategic matters and their impact on the Company's business.
- Recommend to the Board the framework or policy for investment; and monitor the implementation of investment procedures.
- In line with Board approvals and guidance, outline the Company's philosophy, policy, objectives and resultant tasks to be accomplished.
- Recommend to the Board, structures and systems through which activities are arranged, defined and coordinated in terms of specific objectives.
- Prepare an annual financial plan for the approval of the Board and ensure the achievement of set objectives.

3. Directors' Remuneration Policy

The Board's remuneration policy is structured to suit the environment in which it operates and the results it achieves at the end of each financial year. It is reviewed when necessary to meet economic realities and in 2023, this included the following:

Non- Executive Directors

Annual Fees & Allowances

Non-Executive Directors earn N3,250,000.00 as Directors' fees annually while the Chairman earns N5,500,000. Other components of remuneration are payable quarterly, half-yearly or annually.

Board Meetings

Non-Executive Directors earn N350,000.00 sitting allowances per meeting while the Chairman earns N500,000. Transport costs and hotel expenses are reimbursed where applicable.

Corporate Governance Report (cont'd)

Board Committee Meetings
Non-Executive Directors earn N300.000.00 sitting allowances per meeting, while the Chairman earns N350,000.00. Transport costs and hotel expenses are reimbursed where applicable.

Executive Directors
The remuneration policy for executive directors includes the following:

Fixed remuneration: considering the level of responsibility, and ensuring this remuneration is competitive with remuneration paid for equivalent posts of equivalent status within the industry both within and outside Nigeria.

Variable annual remuneration linked to performance: The amount of this remuneration is subject to achieving specific, quantifiable and measurable Key Performance Indicators set and appraised annually by the Parent and Company Boards.

4. Clawback Policy
The Company has in place a clawback policy in respect of performance bonus payments to executive management and employees.

5. Summary Report of the Annual Corporate Governance Evaluation
The firm of Angela Aneke & Co. Limited performed the evaluation of the Board for the year ended December 31, 2023, in line with the requirements of the Nigerian Code of Corporate Governance, global best practices and the Company's corporate governance framework.

6. Human Resource Policies and Internal Management Structure
The Human Resources Policy provides for benefits available to eligible employees in the Company. The Company has put in place an internal control system to ensure that its practices comply with relevant labour laws, regulations and recommended best practices.

7. Independent Auditors
The firm Deloitte & Touche has served for a period of four years as the Independent Auditors. In accordance with the provisions of the Company's and Allied Matters Act 2020. Deloitte & Touche have indicated their willingness to continue after their fourth year as Independent Auditors of the Company. The Directors shall seek members' authorisation at the Annual General Meeting to fix their remuneration.

8. Summary of Risk Management Framework
This is contained in the risk management disclosures on Note 5 of the financial statement.

9. Fines & Penalties
The company did not pay any fine or penalty during the year under review.

10. Statement of Compliance
The Company carried out its Corporate Governance practices in line with the Nigerian Code of Corporate Governance 2018.

11. Relationship with Shareholders
The Company is fully conscious of the importance of effective and constant interaction with shareholders. The Company benefits tremendously from the interactions and would welcome further contributions of shareholders at the Annual General Meeting. The Company will continue to take all necessary steps to uphold shareholder rights.

Corporate Governance Report (cont'd)

12. Complaints Management Policy
The Company has in place a Complaints Policy to handle and resolve complaints. A copy is annexed to the Annual Report and is also available on the Company's website.

13. Code of Conduct & Business Ethics
The Code of Conduct & Business Ethics provides general guidance and complements other policies and procedures of the Company regarding ethics and acceptable conduct in the organization. The Code clearly defines parameters of acceptable principles and standards in which Directors and employees are expected to conduct themselves in undertaking the business of the Company.

14. Communications Policy
The Communications Policy governs how information is communicated within Transcorp Power Plc and how the Company's representatives may communicate with outside parties. The Policy defines who "outside parties" are and applies to all Transcorp Power Plc's employees, directors, officers, consultants and contractors.

15. Internal Control / Audit
The entire staff and Management of Transcorp Power Plc take ownership and responsibility for protecting the Company against fraudulent transactions. The Control unit takes responsibility for ensuring and promoting compliance with statutory and regulatory requirements, as well as with internal policies approved by the Board. The primary functions of Internal Audit are to review transactions entered into by the Company to ensure completeness, compliance and accuracy. Internal Audit also provides assurance to the Board and Management that internal control processes are in place and adequate. The Head of Internal Control/Audit reports directly to the Board through the Audit and Governance Committee.

16. Sustainability Policy
This Policy covers the environmental and social dimensions of sustainable development which the Company recognises as part of good business and is applicable to all our organizational units as well as the operational locations where it carries out business. The Company is committed to sustainable development, in its day-to-day activities including Stakeholder Engagement, Corporate Governance, Preserving the Environment, Employee related matters, Vendors Engagement and Supplies, Safety, Health and Environment Management, Community Investment and Corporate Social Responsibility, and Ethics and Whistle Blowing.

In addition, Transcorp Power Plc is committed to achieving the highest standards in Health, Safety and Environment (HSE) Policy management, maintaining a healthy and safe working environment throughout its operations for all its Employees, Consultants, Sub-Consultants and other third parties, ensuring compliance and prevention of loss of any life, equipment or property. Recognizing our need to provide the highest quality of services, we proactively integrate the Health, Safety and Environment objectives into our management systems at all levels, actively reinforced by rewards and recognition programs.

In view of the above, the Company's Board and Management implement as follows:

a. Allocation of all necessary resources to achieve set goals.
b. Provide and maintain safe and healthy working conditions in compliance with all statutory and regulatory requirements.
c. Make available all necessary safety devices, protective equipment and supervision of usage.
d. Maintain constant and continued interest in the Company's health and safety matters Company by ensuring employees undertake hazard spotting as a normal part of their duties; and
e. Provide appropriate training to enable employees to perform their work safely and efficiently.
f. carrying out their assignments in a manner that prevents injury to themselves and others.
g. using the protective equipment provided as and when required.
h. adhering to our Company's procedures for minimizing the environmental effects of its activities.
i. assisting in the investigation of accidents with the aim of preventing their re-occurrence.
j. reporting any damaged equipment, or accidents, to the responsible departmental head; and

Corporate Governance Report (cont'd)

k. minimizing waste through re-use and recycling where applicable.
l. suspending any activity if the employee or consultant notices any unsafe situation.

All employees of Transcorp Power at all times understand their specific responsibilities for Health, Safety and Environment within the organization.

Statement of Directors' Responsibilities

The Directors of Transcorp Power Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2023, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act 2020, and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies.
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information.
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of transactions, other events and conditions on the company's financial position and financial performance.

Going Concern
The Directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

The financial statements of the Company for the year ended 31 December 2023 were approved by the Directors on the 15 February, 2024.

On behalf of the Directors of the Company.

Peter Ikenga	**Emmanuel Nnorom**
Managing Director/Chief Executive Officer	**Chairman**
FRC/2021/PRO/DIR/003/00000023699	**FRC/2014/PRO/DIR/003/00000007402**

Certification by Company Secretary

In my capacity as Company Secretary, I hereby certify, in terms of the Companies and Allied Matters Act, that for the year ended 31 December 2023, the Company has lodged all such returns as are required of a company in terms of this Act, and that all such returns are, to the best of my knowledge and belief, true, correct and up to date.

____

Stanley Chikwendu
Company Secretary
FRC/2012/PRO/NBA/002/00000000590

6th March 2024

Certification of financial statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

(i) 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, and
(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements.

We state that management and directors:

(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the company, particularly during the period in which the audited financial statement report is being prepared,

(ii) has evaluated the effectiveness of the company's internal controls within 90 days prior to the date of its audited financial statements, and
(iii) certifies that the company's internal controls are effective as of that date.

We have disclosed:

(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and has identified for the company's auditors any material weaknesses in internal controls, and
(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the company's internal control; and
(iii) as indicated in the report, whether or not, there were 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.

The financial statements of the Company for the year ended 31 December 2023 were approved by the Directors on 15 February 2024.

On behalf of the Directors of the Company.

Peter Ikenga
Managing Director/Chief Executive Officer
FRC/2021/PRO/DIR/003/00000023699

Evans Okpogoro
Chief Finance Officer
FRC/2021/PRO/ICAN/001/00000023056

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Independent Auditor's report

To the shareholders of TRANSCORP POWER LIMITED (*NOW TRANSCORP POWER PLC.)*

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Transcorp Power Limited (Now Transcorp Power Plc.)** set out on pages 22 to 66, which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of financial position of **Transcorp Power Limited *(Now Transcorp Power Plc.)*** as at 31 December 2023, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act (CAMA) 2020, and Financial Reporting Council (Amendment) Act 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of Financial Statements in Nigeria.

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

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, corporate governance report, statement of Directors' responsibilities, certification of financial statements and other national disclosures, which we obtained prior to the date of this report. The other information 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 and will 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 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. Based on the work we have performed on the other information obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council Act, 2023 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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.

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth schedule of Companies and Allied Matters Act 2020, we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Company has kept proper books of account, so far as appears from our examination of those books.

iii) The Company’s financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Abraham Udenani, FCA – FRC/2013/PRO/ICAN/004/00000000853
For: Deloitte & Touché
Chartered Accountants
Lagos, Nigeria
29 March 2024

Statement of profit or loss and other comprehensive income

	Notes	31 December 2023 N'000	31 December 2022 N'000
Continuing operations			
Revenue from contracts with customers	7	142,122,364	90,349,386
Cost of sales	8	(66,700,227)	(48,147,009)
Gross profit		**75,422,137**	**42,202,377**
Other operating income	9	597,949	189,109
Impairment loss on financial assets	12	(2,731,924)	(812,741)
Administrative expenses	11	(8,663,021)	(5,709,134)
Operating profit		**64,625,141**	**35,869,611**
Finance income	10	3,009,908	1,259,925
Finance cost	10	(7,694,082)	(4,379,945)
Foreign exchange loss	10	(7,177,266)	(4,130,614)
Profit before income tax	10.1	52,763,701	28,618,977
Income tax expense	13	(22,530,171)	(11,335,571)
Profit for the year		**30,233,530**	**17,283,406**
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss		-	-
Total comprehensive income for the year		**30,233,530**	**17,283,406**
Basic and diluted earnings per share (N)	14	**92.25**	**218.36**

The notes on pages 26 to 66 form an integral part of these financial statements.

Statement of financial position
As at year ended 31 December 2023

	Notes	31 December 2023 N'000	31 December 2022 N'000
Assets			
Non-current assets			
Property, plant and equipment	15	57,979,878	54,702,571
Intangible asset	16	9,701,191	9,701,191
Investments	22	2,373,892	2,208,918
		70,054,961	**66,612,680**
Current assets			
Inventories	17	1,760,790	4,314,347
Trade and other receivables	18	145,206,225	94,558,786
Cash and cash equivalents	19	6,368,572	2,701,632
Total current assets		**153,335,587**	**101,574,765**
Total assets		**223,390,548**	**168,187,445**
Equity and liabilities			
Equity			
Share capital	24	3,750,000	40,108
Share premium	25	44,385,019	34,967,736
Retained earnings	26	9,727,327	2,956,132
Total equity		**57,862,346**	**37,963,976**
Liabilities			
Non-current liabilities			
Borrowings	21.2	29,753,262	29,967,161
Deferred tax liabilities	13.3	9,198,374	5,056,075
		38,951,636	**35,023,236**
Current liabilities			
Trade and other payables	20	98,835,833	76,306,380
Current tax payable	13.1	20,181,722	5,789,349
Borrowings	21.2	7,559,011	13,104,504
		126,576,566	**95,200,233**
Total liabilities		**165,528,202**	**130,223,469**
Total equity and liabilities		**223,390,548**	**168,187,445**

The financial statements and notes on pages 22 to 69 were approved by the Board of Directors on 15 February 2024 and signed on its behalf by:

Emmanuel Nnorom	**Evans Okpogoro**	**Peter Ikenga**
Chairman, Board of Directors	**Chief Finance Officer**	**MD/CEO**
FRC/2014/PRO/DIR/003/00000007402	**FRC/2021/PRO/ICAN/001/00000023056**	**FRC/2021/PRO/DIR/003/00000023699**

The notes on pages 26 to 66 form an integral part of these financial statements.

Statement of changes in equity

	Share capital (Note 25) N'000	Share premium (Note 24) N'000	Retained earnings (Note 25) N'000	Total N'000
Balance at 1 January 2022	**39,468**	**31,127,668**	**2,839,001**	**34,006,137**
Profit for the year	**-**	**-**	17,283,406	**17,283,406**
Scrip issue	640	3,840,068	**-**	**3,840,708**
Dividends (Note 29)	-	-	(17,166,275)	**(17,166,275)**
Balance at 31 December 2022	**40,108**	**34,967,736**	**2,956,132**	**37,963,976**
Profit for the year	-	-	30.233.530	**30,233,530**
Scrip issue (Note 24)	2,625	13,124,550	-	**13,127,175**
Bonus issue (Note 24)	3,707,267	(3,707,267)	-	**-**
Dividends (Note 29)	-	-	(23,462,335)	**(23,462,335)**
Total transactions with owners, recognised directly in equity	**3,709,892**	**9,417,283**	**6,771,195**	**19,898,370**
Balance at 31 December 2023	**3,750,000**	**44,385,019**	**9,727,327**	**57,862,346**

Statement of cashflow

	Notes	31 December 2023 N'000	31 December 2022 N'000
Cash generated from operations			
Profit before tax		52,763,701	28,618,977
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	11.1	4,757,058	3,472,313
Finance income	10	(3,009,908)	(1,259,925)
Finance cost	10	14,871,348	8,510,559
Disposal of Plant and Equipment	15	-	183,342
Profit from the side sale of Property, Plant and Equipment		-	(338)
Net Impairment allowance on financial assets	12	2,731,924	812,741
Effect of Foreign exchange loss	21.2	(3,714,153)	(739,083)
Working capital adjustments:			
Increase in trade and other receivables		(50,647,439)	(17,557,592)
Increase in inventories		(147,817)	(566,327)
Increase in trade and other payables		22,529,453	2,965,759
Cash flows from operating activities		**40,134,170**	**24,440,426**
Tax paid	13.1	(1,976,988)	(3,021,624)
Net cash flows from operating activities		**38,157,382**	**21,418,802**
Investing activities			
Purchase of property, plant and equipment	15	(4,883,077)	(4,326,546)
Investment in bonds/shares		-	(683,355)
Sales proceed of property, plant and equipment		-	820
Interest income	10	3,009,908	1,259,925
Net cash used in investing activities		**(1,873,169)**	**(3,749,156)**
Financing activities			
Dividend paid		(2,322,472)	(12,950,053)
Scrip issue		(13,127,175)	(3,840,707)
Proceeds from borrowings	21.2	14,949,597	15,767,246
Repayments of borrowings	21.2	(32,117,223)	(22,691,071)
Net cash used in financing activities		**(32,617,273)**	**(23,714,585)**
Net movement in cash and cash equivalents		3,666,940	(6,044,940)
Cash and cash equivalents at the beginning of the year		2,701,632	8,746,571
Cash and cash equivalents at the end of the year	19	**6,368,572**	**2,701,632**

The notes on pages 26 to 66 form an integral part of these financial statements.

Notes to the financial statements

1 General information

Transcorp Power Plc. (formerly Transcorp Ughelli Power Limited) ("the Company") was incorporated in Nigeria on 24 September 2012 under the Companies and Allied Matters Act as amended as a private limited liability company and is domiciled in Nigeria. The Company is a subsidiary of Transnational Corporation of Nigeria Plc (Transcorp).

The company's principal activity is the generation and sale of electric power.

The financial statements are presented in Naira and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

1.1 Basis of preparation

The financial statements have been prepared in compliance with the International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Committee (IFRIC) and in the manner required by the Companies and Allied Matters Act (CAMA) 2020 and the Financial Reporting Council Act 2023. Further standards may be issued by the International Accounting Standards Board (IASB) and may be subject to interpretations issued by the IFRIC.

The financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

1.2 Financial period

These financial statements cover the financial year from 1 January 2023 to 31 December 2023, with comparative figures for the financial year ended 31 December 2022.

1.3 Going Concern

The Directors have at the time of approving the financial statements, a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing financial statements.

1.4 Composition of financial statements

The financial statements are drawn up in Naira, the functional currency of Transcorp Power Plc., in accordance with the International Financial Reporting Standards (IFRS). These financial statements comprise:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements.

Other National Disclosures

- Value added statement
- Five-year financial summary

Notes to the financial statements

2 Application of new and revised International Financial Reporting Standards (IFRS)

2.1 New and amended standards and interpretations that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies

The company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

"The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

Amendments to IAS 12 Income Taxes— International Tax Reform—Pillar Two Model Rules

The company has adopted the amendments to IAS 12 for the first time in the current year. The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

Notes to the financial statements

2.1 New and amended standards and interpretations that are effective for the current year (cont'd)

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates
The company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted.

2.2 New and revised IFRS Standards in issue but not yet effective
At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective. They are listed below:

1) Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
2) Amendments to IAS 1 Classification of Liabilities as Current or Non-current
3) Amendments to IAS 1 Non-current Liabilities with Covenants
4) Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements
5) Amendments to IFRS 16 Lease Liability in a Sale and Leaseback"

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the company in future periods.

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendment is to be determined by the IASB, however earlier application of the amendment is permitted. It is unlikely that the amendment will have a material impact on the Company's consolidated and separate financial statements.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Noncurrent
The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments to the definition of material are not expected to have a significant impact on the Company's consolidated financial statements.

2.2 New and revised IFRS Standards in issue but not yet effective (cont'd)

Amendments to IAS 1 Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g., a covenant based on the entity's financial position at the reporting date that is assessed for compliance only after the reporting date).

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early. The Directors anticipate that the application of these amendments may have an impact on the company's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements.
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers.
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement.
- Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.

Notes to the financial statements

2.2 New and revised IFRS Standards in issue but not yet effective (cont'd)

Amendment to IFRS 16 Leases—Lease Liability in a Sale and Leaseback
The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate."

As part of the amendments, the IASB amended an Illustrative Example in IFRS 16 and added a new example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The illustrative examples also clarify that the liability that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted. If a seller-lessee applies the amendments for an earlier period, it is required to disclose that fact.

3 Material accounting policies

3.1 Accounting principles and policies

Pursuant to the accrual basis of accounting followed by Transcorp Power Plc., the financial statements reflect the effects of transactions and other events when they occur. Assets and liabilities such as property, plant and equipment and intangible assets are measured at cost. Financial assets and liabilities are usually measured at fair values.

3.2 Summary of material accounting policies

The principal accounting policies adopted are set out below:

a) Current versus non-current classification

The company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realised within twelve months after the reporting period.

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

a) Current versus non-current classification

A liability is current when:

- It is expected to be settled in the normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

b) Revenue from contract with customers

The Company is in the business of generation and sales of electric power. The company also provides ancillary services of black start service to Transmission Company of Nigeria (TCN).

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has also been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorise the different revenue streams detailed below.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3. (The company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers). "

At contract inception, the Company assesses the goods or services promised to a customer and identifies as a performance obligation each promise to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In arriving at the performance obligations, the Company assessed the goods and services as capable of being distinct and as distinct within the context of the contract after considering the following:

- If the customer can benefit from the individual good or service on its own.
- If the customer can use the good or service with other readily available resources, service on its own.
- If multiple promised goods or services work together to deliver a combined output(s); and
- whether the good or service is integrated with, highly interdependent on, highly interrelated with, or significantly modifying or customising, other promised goods, or services in the contract.

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

b) Revenue from contract with customers

Capacity charge is recognised monthly based on the average available capacity declared at the beginning of the month. Revenue from energy sent out is calculated on the basis of megawatts of electricity pushed to the transmission grid. The capacity charge and energy sent out are included in revenue reported in the profit and loss account.

Contract for the sale of electric power begins on performance and revenue is recognised overtime using an output method to measure progress towards completion of the service because the customer simultaneously receives and consumes the benefits provided by the Company.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price for the sale of electric power, the Company considers the existence of significant financing components and consideration payable to the customer.

Ancillary Services
Ancillary services relate to services provided by the Company, other than the primary production of electricity, which is used to operate a stable and secure Power System including but not limited to reactive power, operating reserve, frequency control and black start capability. The ancillary services are provided in line with the existing agreement.

The Company recognises revenue from ancillary services overtime as control is transferred.

Significant financing component
Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Trade receivables
A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

c) Current and deferred tax
The tax for the period comprises current and deferred tax. Tax is recognised in the statement of 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 recognised in other comprehensive income or directly in equity, respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

c) Current and deferred tax (cont'd)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised. Deferred tax is charged or credited to the Statement of profit or loss, except when it relates to items charged or credited to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax liabilities on a net basis.

Deferred tax assets and liabilities are presented as non-current in the statement of financial position.

d) foreign currency translation

(a) Functional and presentation currency
Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which Transcorp Power Plc. operates ('the functional currency'). The functional currency of Transcorp Power Plc. is the Nigerian Naira (N).

(b) Transactions and balances
Transactions in foreign currencies are initially recorded by the company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss as either foreign exchange loss or foreign exchange gain.

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

d) foreign currency translation (cont'd)

(b) Transactions and balances (cont'd)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the company determines the transaction date for each payment or receipt of advance consideration.

e) Property, plant and equipment

Construction in progress is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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 can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the Statement of Profit or loss during the financial period in which they are incurred.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

Leasehold buildings	2%
Plant and machinery - Turbines	2.5%
Furniture and fittings	20%
Computer equipment	10%
Motor vehicles	20%

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

e) Property, plant and equipment (cont'd)

The Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognised when replaced. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Where an indication of impairment exists, an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than it's estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in other income or expense - net in the Statement of profit or loss for the period.

f) Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over Transcorp Ughelli Power 's interest in the net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree, Ughelli Power Plc and the fair value of the non-controlling interest in the acquiree. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (CGUs), or company's of CGUs, that is expected to benefit from the synergies of the combination. Each unit or company of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

For purposes of impairment testing, each turbine set is treated as a cash generating unit.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- the directors intend to complete the software product and use or sell it.
- there is an ability to use or sell the software product.
- it can be demonstrated how the software product will generate probable future economic benefits.
- adequate technical, financial, and other resources to complete the development and to use or sell the software product are available.
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

f) Intangible assets (cont'd)

Goodwill (cont'd)

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

g) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill are not subject to amortisation and are tested annually for impairment. Assets that are subject to 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 to sell and value in use. For the purposes of assessing impairment, assets are computed at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

h) Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, (i.e., capitalised) until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds.

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. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Currently, the Company has no qualifying assets on which borrowing costs are being capitalised.

i) financial instruments (Recognition and measurement)

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies of Revenue from contracts with customers.

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

i) Financial instruments (Recognition and measurement) (cont'd)

i) Initial recognition and measurement (cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows And
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.
- The Company's financial assets at amortised cost include trade receivables, staff loans, cash and cash equivalents, treasury bills and related parties' receivables.

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

i) Financial instruments (Recognition and measurement) (cont'd)

ii) Subsequent measurement (cont'd)

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets
Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 3
- Trade receivables

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL)

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

i) financial instruments (Recognition and measurement) (cont'd)

Impairment of financial assets (cont'd)

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost.
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debtor.
- significant increases in credit risk on other financial instruments of the same debtor.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) financial liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

Subsequent measurement
The measurement of financial liabilities depends on their classification.

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

ii) financial liabilities (cont'd)

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applies to interest-bearing loans and borrowings. For more information, refer to Note 21.

Derecognition
Financial liability is derecognised when the obligation under the liability 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss."

Offsetting of financial instruments
Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

j) Inventories

Inventory is stated at a lower cost and net realisable value. Cost is determined using the weighted average cost method. The cost of inventory includes purchase costs and costs directly attributable to the purchase.

Inventory comprises of engineering spares that are not ready for use (complex installation process), tools and lubricants.

Subsequent to initial recognition, inventory is measured at the lower of cost and net realisable value. Any write down of inventory to net realisable value is recognised in the statement of profit or loss. Inventories are stated at the lower of cost and estimated net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

k) Cash, cash equivalents and bank overdrafts

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

l) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are not recognised for future operating losses.

m) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the financial statements

3.2 Summary of material accounting policies (cont'd)

m) Fair value measurement (cont'd)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

Fair-value related disclosures for financial instruments that are measured at fair value or where fair values are disclosed, is summarised below:

- Financial instruments (including those carried at amortised cost) Note 6.2

n) Dividend distribution

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws of Companies and Allied Matters Act, 2020, distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. In respect of interim dividends, these are recognised when declared by the Board of Directors.

o) Share capital

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

Retained earnings.

Retained earnings comprise the undistributed profits from previous years, which have not been reclassified to the other reserves.

Share premium.

Share premium refers to the excess of the share price paid for the Company's shares by the shareholders over the nominal value of the shares issued.

Notes to the financial statements

3.3 Significant accounting judgements, estimates and assumptions.

In the application of the Company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.3.1 Critical Judgement in Applying the Company's Accounting Policies

The following are the critical judgements, apart from those involving estimations, that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue from contracts with customers

The company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction

The company concluded that revenue from energy and capacity charge will be recognised overtime because, as the company performs, the customer simultaneously receives and consumes the benefits provided by the company's performance.

The company has determined that the output method is the best method in measuring progress rendering the services to the customer. The Output method recognises revenue based on direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract.

The company has assessed that there is a direct relationship between the company’s measurement of the value of goods or services transferred to date, relative to the remaining goods or services promised under the contract.

Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The recognition and measurement for contingent liabilities is based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the management are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Company are remote.

3.3.2 Key sources of estimation uncertainties

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The fair value of the assets of is based on the market value. This is the price at which an asset may be reasonably expected to be realised in a sale in a private contract. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Company. The key assumptions are used to determine the recoverable amount for the different cash generating units (CGUs). including a sensitivity analysis, are disclosed, and further explained in Note 16.

Provision for expected credit losses of trade receivables and contract assets.

The company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for companying's of various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

The provision matrix is initially based on the company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the company's trade receivables is disclosed in Note 5.

Impairment of property, plant and equipment and right-of-use assets

The Company assesses annually whether property, plant and equipment have any indication of impairment, in accordance with relevant accounting policies. The recoverable amounts of property, plant and equipment and right-of-use assets have been determined based on value-in use calculations. These calculations and valuations require the use of judgment and estimates on future operating cash flows and discount rates adopted.

The carrying amount of the Company's property, plant and equipment at the end of reporting period is disclosed in Note 15 to the financial statements.

Notes to the financial statements

3.3.2 Key sources of estimation uncertainties (cont'd)

Estimation of useful lives of property, plant, and equipment
As described in Note 3.2 (e), the Company reviews the estimated useful life of property, plant, and equipment at each reporting date. In assessing the useful life of property, plant, and equipment, and specially with respect to the plant and ancillary facilities management considers, amongst other things, the expected usage of the assets by the Company and the terms of relevant sales and purchase agreements. Any changes in estimating the remaining useful life of property, plant and equipment will result in a higher or lower level of depreciation expenses in future periods.
Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management — Note 4
- Financial instruments risk management and policies — Note 5
- Sensitivity analyses disclosures — Note 5

4 Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and retained earnings attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and adjusts in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 50% and 70%. The Company includes within net debt, interest bearing loans and borrowings, less cash and bank balances.

	31 December 2023 N'000	**31 December 2022 N'000**
Interest-bearing loans and borrowings (Note 21.2)	37,312,273	43,071,665
Less: cash and cash equivalent (Note 18)	(6,368,572)	(2,701,632)
Net debt	**30,943,701**	**40,370,033**
Total capital: Equity	57,862,346	37,963,976
Capital and net debt	**88,806,047**	**78,334,009**
Gearing ratio	35%	51%

Notes to the financial statements

5 Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Finance and Investment Committee (FIC), who is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Company's risk management policies are established to identify and analyse the risk it faces, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly by the executive management to reflect changes in the market conditions and the Company's activities.

The Board oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board is supported by various management functions that check and undertake both regular and ad hoc reviews of compliance with established controls and procedures.

5.1 Financial risk factors

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not hedge any of its risk exposures.

Risk management is carried out in line with policies approved by the Board of Directors. The board provides written policies for overall risk management, as well as set the overall risk appetite for the Company. Specific risk management approaches are defined for respective risks such as interest rate risk, credit risk, liquidity, and investment risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk in the Company are borrowings and deposits.

(b) 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's exposure to the risk of changes in market interest rates has been reduced since the Company's long-term debt obligations are fixed interest rates.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Company's liquidity reserve and cash and bank balances (Note 18) on the basis of expected cash flows.

This is generally carried out in accordance with practice and limits set by the Company. These limits vary to consider the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

Notes to the financial statements

5 Financial risk management (cont'd)

(d) Foreign currency risk

Foreign currency 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's exposure to the risk of changes in foreign exchange rates relates primarily to the foreign currency denominated borrowings that the Company has.

Foreign currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured. Translation-related risks are therefore not included in the assessment of the entity's exposure to currency risks.

Foreign currency denominated balances

	31 December 2023 N'000	31 December 2022 N'000
Cash and bank balances:	(493,781)	7,417
USD	(549)	17
Financial liabilities:		
Other payables	4,483,313	1,490,680
USD	4,987	3,592
Borrowings	1,022,703	13,104,504
USD	1,138	28,426

Foreign Currency Sensitivity

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in exchange rates at the reporting date. The Company has borrowings, trade payables and cash denominated in foreign currencies.

The table below shows the impact on the Company's profit and equity if the exchange rate between the Naira and the US Dollars had increased or decreased by 10%, with all other variables held constant:

Impact on profit or loss	31 December 2023 N'000	31 December 2022 N'000
US/NGN exchange rate- increase 10% (2023: 10%)	2,999,898	291,755
US/NGN exchange rate- increase 10% (2023: 10%)	2,999,898	291,755

(i) Credit Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only independently rated parties with a minimum national rating of 'A' are accepted.

There is no independent rating for customers. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Compliance with credit limits by customers is regularly monitored by line management.

Sales to customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The credit ratings of the investments are monitored for credit deterioration.

Notes to the financial statements

5 Financial risk management (cont'd)

(d) Foreign currency risk

(ii) Security

No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. There are no credit ratings for Transcorp Power Plc.'s trade and other receivables.

(iii) Impairment of trade receivables

For trade receivables, the Company applied the simplified approach in computing ECL. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions, and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 18. The Company does not hold collateral as security.

As at 31 December 2023	**Trade receivables**					
In thousands of naira	**Days past due**					
	<30 days	**31 -60 days**	**61 - 360 days**	**361 - 720 days**	**>720 days**	**Total**
Expected credit loss rate	0.00%	0.00%	4.05%	8.99%	19.40%	
Estimated total gross carrying amount at default	35,800,819	11,234,304	26,630,226	21,456,139	27,133,972	122,255,460
Expected credit loss	-	-	1,077,462	1,928,705	5,264,840	8,271,007

As at 31 December 2022	**Trade receivables**					
In thousands of naira	**Days past due**					
	<30 days	**31 -60 days**	**61 - 360 days**	**361 - 720 days**	**>720 days**	**Total**
Expected credit loss rate		0.00%	6.93%	7.41%	11.24%	
Estimated total gross carrying amount at default	14,271,144	6,557,254	2,838,991	13,028,713	43,189,204	79,885,306
Expected credit loss	-	-	196,742	965,428	4,854,882	6,017,252

Notes to the financial statements

5 Financial risk management (cont'd)

(d) Foreign currency risk

(iii) Impairment of trade receivables

Set out below is the movement in the allowance for expected credit losses of trade receivables:

In thousands of Naira	**2023**	**2022**
Balance as at 1 January	6,017,252	6,141,337
Write back of impairment no longer required (Note 12)	-	(857,880)
Impairment charged for the year (Note 12)	2,253,755	733,795
Balance at 31 December	**8,271,007**	**6,017,252**

(iv) Impairment of other financial assets

Expected credit loss measurement - other financial assets.

The Company applied the general approach in computing expected credit losses (ECL) for intercompany receivables. The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed up. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The 12-month and Lifetime PDs are derived by mapping the internal rating grade of the obligors to the PD term structure of an external rating agency for all asset classes. The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type. The assumptions underlying the ECL calculation – such as how the maturity profile of the PDs, etc. – are monitored and reviewed on a regular basis. There have been no significant changes in estimation techniques or significant assumptions made during the reporting period. The significant changes in the balances of the other financial assets including information about their impairment allowance are disclosed below respectively.

Notes to the financial statements

5 Financial risk management (cont'd)

(d) Foreign currency risk (cont'd)

(iv) Impairment of other financial assets (cont'd)

Expected credit loss measurement - other financial assets (cont'd)

The Company considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2 Summary of significant accounting policies and in Note 3 Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the Company obtains the data used from third party sources (Central Bank of Nigeria, Standards and Poor's etc.) and a team of expert within its credit risk department verifies the accuracy of inputs to the Company's ECL models including determining the weights attributable to the multiple scenarios. The following tables set out the key drivers of expected loss and the assumptions used for the Company's base case estimate, ECLs based on the base case, plus the effect of the use of multiple economic scenarios as at 31 December 2022 and 31 December 2023.

The tables below show the values of the key forward looking economic variables/assumptions used in each of the economic scenarios for the ECL calculations. The figures for "Subsequent years" represent a long-term average and so are the same for each scenario.

31 December 2023

Key drivers			**Assigned Probabilities**	**ECL Scenario**	**2024**
Crude Oil Price (USD)					
	50%	Upturn	124.28	124.28	124.28
	50%	Base	80.88	80.88	80.88
	-%	Downturn	33.99	33.99	33.99
Unemployment rate %					
	10%	Upturn	0.44	0.44	0.44
	80%	Base	0.44	0.44	0.44
	10%	Downturn	0.44	0.44	0.44
Inflation rate %					
	-%	Upturn	0.13	0.13	0.13
	83%	Base	0.17	0.17	0.17
	17%	Downturn	0.22	0.22	0.22

31 December 2022

Key drivers *EDTF 3*			**Assigned Probabilities**	**ECL Scenario**	**2023**
Crude Oil Price (USD)					
	10%	Upturn	54.96	124.28	124.28
	80%	Base	53.87	80.88	80.88
	10%	Downturn	51.91	33.99	33.99
Unemployment rate %					
	10%	Upturn	0.36	0.44	0.44
	80%	Base	0.37	0.44	0.44
	10%	Downturn	0.33	0.44	0.44
Inflation rate %					
	10%	Upturn	0.11	0.13	0.13
	83%	Base	0.11	0.17	0.17
	10%	Downturn	0.10	0.22	0.22

Notes to the financial statements

5 Financial risk management (cont'd)

(d) Foreign currency risk (cont'd)

(iv) Impairment of other financial assets (cont'd)

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

(c) Liquidity risk

Management of liquidity risk

Cash flow forecasting is performed by the finance department. The finance department monitors rolling forecasts of liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities. Such forecasting takes into consideration the covenant compliance, and compliance with internal financial position ratio.

Prudent liquidity risk management implies that sufficient cash is maintained, and that sufficient funding is available through an adequate `amount of committed credit facilities.

Maturity analysis

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. There is concentration risk in this regard as United Bank for Africa Plc is the major lender to the Company.

31 December 2023	**0 - 30 days**	**31 - 180 days**	**181 - 365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
Financial liabilities	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade and other payables	29,546,359	22,326,641	46,962,833	-	-	98,835,833
Borrowings	1,859,958	4,261,456	1,437,597	22,547,657	7,205,605	37,312,273
	30,569,062	**29,200,257**	**49,479,242**	**6,247,636**	**20,651,909**	**136,148,106**

31 December 2022	**0 - 30 days**	**31 - 180 days**	**181 - 365 days**	**Over 1 year but less than 5 years**	**Over 5 years**	**Total**
Financial liabilities	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Trade and other payables	27,670,544	4,165,314	44,270,522	-	-	76,106,380
Borrowings	8,729,434	1,472,559	2,902,511	22,547,657	7,419,504	43,071,665
	36,399,978	**5,637,873**	**47,173,033**	**7,179,949**	**22,787,212**	**119,178,045**

Changes in liabilities arising from financing activities.

	1 January 2023 N'000	**Others (Scrip) N'000**	**Additional loan N'000**	**Loan repayment N'000**	**Interest accrued N'000**	**Additional dividend N'000**	**Dividend paid N'000**	**Foreign exchange N'000**	**Others (Scrip) N'000**	**31-Dec-23 N'000**
		-	-							-
Interest-bearing loans and borrowings	43,071,665	-	14,949,597	(32,117,223)	7,694,082	-	-	3,714,152	-	37,312,273
Dividends payable (Net of WHT)	7,656,988	(13,127,175)	-	-	-	21,116,102	5,469,886	-	-	21,115,801
	50,728,653	**(13,127,175)**	**14,949,597**	**(32,117,223)**	**7,694,082**	**21,116,102**	**5,469,886**	**3,714,152**	**-**	**58,428,074**

	1 January 2022 N'000	**Others (Scrip) N'000**	**Additional loan N'000**	**Loan repayment N'000**	**Interest accrued N'000**	**Additional dividend N'000**	**Dividend paid N'000**	**Foreign exchange N'000**	**Right Issues paid with dividend N'000**	**31-Dec-22 N'000**
Interest-bearing loans and borrowings	44,876,462	-	15,767,246	(22,691,071)	4,379,945	-	-	739,083	-	43,071,665
Dividends payable (Net of WHT)	8,998,102	(3,840,708)	-	-	-	15,449,647	(12,950,053)	-	-	7,656,988
	53,874,565	**(3,840,708)**	**15,767,246**	**(22,691,071)**	**4,379,945**	**15,449,647**	**(12,950,053)**	**739,083**	**-**	**50,728,653**

Notes to the financial statements

6 Financial instruments and fair values

6.1 Measurement categories

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Contractual Amount N'000		Fair Amount N'000	
	2023	**2022**	**2023**	**2022**
	N'000	**N'000**	**N'000**	**N'000**
Interest-bearing loans and borrowings	37,312,273	43,071,665	37,312,273	43,071,665

The management assessed that the fair values of cash and bank balances, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The contractual or carrying amount is revalued at the end of the period to reflect the fair value amount, noting that the USD loan is significantly paid down in FY 2023

6.2 Fair value measurement

Fair value measurement hierarchy for liabilities as at 31 December 2023:

Liabilities for which fair values are disclosed.

		Fair value measurement using			
	Date of valuation	**Total**	**Quoted prices in active markets (Level 1)**	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
		₦'000	**₦'000**	**₦'000**	**₦'000**
Interest-bearing loans and borrowings:	31-Dec-23	37,312,273	-	37,312,273	-
Interest-bearing loans and borrowings:	31-Dec-22	43,071,665	-	43,071,665	-

The fair value of the instruments classified as Level 2 (see above) was calculated using the discounted cash flow method. 3-month LIBOR rate was used for discounting future cash flows. There were no financial instruments that are measured at amortised cost and the fair value disclosed was classified as Level 3 either in current year or in prior year.

Notes to the financial statements

7 Revenue from contracts with customers

Disaggregated revenue information

Set out below is the disaggregation of the company's revenue from contracts with customers:

	31 December 2023 N'000	31 December 2022 N'000
Capacity charge	47,072,728	32,061,245
Energy delivered	95,025,936	58,264,441
Ancillary services	23,700	23,700
Total revenue from contracts with customers	**142,122,364**	**90,349,386**
Timing of revenue recognition		
Services transferred over time	142,122,364	90,349,386
Total revenue from contracts with customers	**142,122,364**	**90,349,386**
Revenue generated from:		
Local customers	116,776,896	78,751,220
International customers	25,345,468	11,598,166
Total revenue from contracts with customers	**142,122,364**	**90,349,386**

There is no other revenue item outside IFRS 15

Ancillary services include earnings from Blackstart operations and frequency control services provided.

8 Cost of sales

	31 December 2023 N'000	31 December 2022 N'000
Natural gas and fuel costs	56,282,769	39,948,977
Salaries and wages	728,212	646,102
Repairs and maintenance.	4,169,747	3,376,767
Depreciation (Note 11.1)	4,701,699	3,453,059
Insurance	365,855	240,710
Other direct expenses	451,945	481,394
Total cost of sales	**66,700,227**	**48,147,009**

9 Other operating income

Other income	597,949	189,109
	597,949	**189,109**

Notes to the financial statements

		31 December 2023	31 December 2022
10	**Finance income and finance costs**	**N'000**	**N'000**
	Finance income		
	Interest income	3,009,908	1,259,925
		3,009,908	**1,259,925**

The interest income relates to interest on fixed deposits and interest from intercompany loans.

		31 December 2023	31 December 2022
	Finance costs	**N'000**	**N'000**
	Interest expense on loans (Note 21.2)	(7,694,081)	(4,379,945)
	Foreign exchange loss	(7,177,267)	(4,130,614)
		(14,871,348)	**(8,510,559)**
	Net finance cost	**(11,861,440)**	**(7,250,634)**
10.1	**Profit before income tax**	**52,763,701**	**28,618,977**
	The profit before income taxation was arrived at after charging/(crediting):		
	Depreciation	4,757,058	3,472,313
	Interest expense	14,871,348	8,510,559
	Interest income	(3,009,908)	(1,259,925)
	Auditors' remuneration	49,368	37,975
	Director’s' remuneration	196,783	178,990

		31 December 2023	31 December 2022
11	**Administrative expenses**	**N'000**	**N'000**
	Auditors' remuneration	49,368	37,975
	Bank charges	102,443	188,654
	Depreciation. (Note 11.1)	55,359	19,254
	Directors' remuneration	196,783	178,990
	Donations	-	636,815
	Corporate Social Responsibility	1,166,621	-
	Insurance.	72,448	3,384
	Management fees	4,388,470	2,399,807
	Marketing and promotion	16,572	6,392
	Other operating expenses	1,162,258	1,399,177
	Professional fees	124,430	70,011
	Rent and rates	129,638	19,851
	Repairs and maintenance	253,613	143,580
	Security services	105,640	89,483
	Staff costs	522,234	361,215
	Pension cost	21,173	19,172
	Subscriptions and fees	40,413	19,823
	Travel and accommodation	255,557	115,551
		8,663,021	**5,709,134**

Notes to the financial statements

11 Administrative expenses (cont'd)

Included in staff cost is N205.4 million (2022: N161 million) paid to teachers of Transcorp Power Plc. Staff School. The staff school is seen by management as part of the Corporate Social Responsibility of the Company and the net expenses are included in other operating expenses. Also Included in the other operating expenses are entertainment, feeding/canteen expenses, medical expenses, printing and stationery, ICT expenses, community relates expenses and other admin expenses.

Deloitte rendered no non-audit services to the company during the year.

11.1 Total depreciation included in the statement of profit or loss

		31 December 2023 N'000	31 December 2022 N'000
Depreciation- Cost of sales	(Note 8)	4,701,699	3,453,059
Depreciation- Administrative expenses	(Note 11)	55,359	19,254
Total depreciation expense		**4,757,058**	**3,472,313**

12 Impairment loss on financial assets

		31 December 2023 N'000	31 December 2022 N'000
Trade receivables	(Note 5)	1,276,079	280,711
TLF Provision (Note 5.1, 34)		977,676	453,084
Due from related companies		478,169	78,946
Total impairment loss on financial assets		**2,731,924**	**812,741**

13 Income tax

The major components of income tax expense for the years ended 31 December 2023 and 2022 are:

	31December 2023 N'000	31 December 2022 N'000
Under provision of tax in prior years	2,018,511	-
Current income tax	14,813,518	4,828,541
Education tax	1,553,201	789,878
Police Trust Fund	2,638	1,431
	18,387,869	5,619,850
Deferred tax:		
Relating to origination and reversal of temporary differences	4,142,302	5,715,721
Income tax expense reported in the statement of profit or loss	**22,530,171**	**11,335,571**

13.1 The movement in tax payable is as follows:

	31December 2023 N'000	31 December 2022 N'000
Balance as at 1 January	5,789,349	3,191,123
Income tax for the year	14,816,160	4,828,541
Tertiary Education tax for the year	1,553,201	791,309
Tax paid during the year	(1,976,988)	(3,021,624)
Balance as at 31 December	**20,181,722**	**5,789,349**

Notes to the financial statements

13.1 The movement in tax payable is as follows (cont'd)

Corporate tax is calculated at 30 per cent of the estimated taxable profit for the year. The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act as amended. The charge for education tax of 2.5 percent is based on the provisions of the Education Tax Act, as Amended.

13.2 A reconciliation between tax expense and the product of accounting profit multiplied by Nigeria's domestic tax rate (30%) for the years ended 31 December 2023 and 31 December 2022 is as follows:

	31 December 2023 N'000	**31 December 2022 N'000**
Profit before tax	52,763,701	28,618,977
Tax at Nigeria Corporation Tax Rate of 30% (2022: 30%)	15,829,110	8,585,693
Tertiary Education tax	1,553,201	789,878
Nigeria Police Trust Fund	2,638	1,431
deductible income	10,902,759	6,157,062
Donation and CSR	(1,166,370)	(636,715)
Other non-deductible expenses	(4,591,166)	(3,561,778)
Tax charge for the year	**22,530,171**	**11,335,571**
Effective income tax rate	**43%**	**40%**

13.3 Deferred tax assets

	31 December 2023 N'000	**31 December 2022 N'000**
Deferred tax relates to the following:		
Statement of financial position		
Accelerated depreciation for tax purposes	14,679,946	14,125,111
Expected credit losses of debt financial assets	(3,113,073)	(2,178,030)
Unrealised FX losses	(2,368,498)	(1,342,450)
Losses available for offsetting against future taxable income	-	(5,548,556)
Net deferred tax (assets)/liabilities	**9,198,375**	**5,056,075**
Statement of profit or loss		
Accelerated depreciation for tax purposes	14,679,946	14,125,111
Expected credit losses of debt financial assets	(3,113,073)	(2,178,030)
Unrealised FX losses	(2,201,333)	(1,175,285)
Losses available for offsetting against future taxable income	(5,223,238)	(5,056,075)
Deferred tax expense/(benefit)	**4,142,302**	**5,715,721**

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Notes to the financial statements

14 Basic and diluted earnings per share

Basic earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. There were no potentially dilutive ordinary shares at either year end; hence the basic and diluted earnings per share have the same value.

	31 December 2023 N'000	31 December 2022 N'000
Profit for the year attributable to shareholders (in ₦)	30,233,530	17,283,406
Weighted average number of shares in issue	327,751	79,150
Basic earnings per share (₦)	92.25	218.36

The denominator for the purposes of calculating basic earnings per share is based on the weighted average number of ordinary shares of N0.50 each.

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

15 Property, plant and equipment

	Land N'000	Building N'000	Furniture and fittings N'000	Plant and machinery N'000	Motor vehicles N'000	Capital Spares N'000	Work in progress N'000	Total N'000
Cost:								
1 January 2022	442,348	1,766,473	277,732	69,315,970	136,872	-	5,404,067	77,343,462
Additions	358,612	-	136,234	1,859,979	-	-	1,971,721	4,326,546
Disposals	-	-	(890)	-	-	-	(183,341)	(184,231)
Reclassification	-	-	-	3,971,036	-	-	(3,971,036)	-
31 December 2022	**800,960**	**1,766,473**	**413,076**	**75,146,985**	**136,872**	**-**	**3,221,411**	**81,485,777**
1 January 2023	800,960	1,766,473	413,076	75,146,985	136,872	-	3,221,411	81,485,777
Additions	41,500	-	65,951	-	97,287	-	4,678,339	4,883,077
Reclassification	-	-	-	1,377,663	-	-	(1,377,663)	-
Transfer	-	-	-	-		3,151,287	-	3,151,287
31 December 2023	**842,460**	**1,766,473**	**479,027**	**76,524,648**	**234,159**	**3,151,287**	**6,522,087**	**89,520,141**
Accumulated depreciation and impairment:								
1 January 2022	-	256,562	251,082	22,678,472	125,185	-	-	23,311,301
Depreciation for the year	-	35,333	8,169	3,418,401	10,410	-	-	3,472,313
Disposals	-	-	(409)	-	-	-	-	(409)
31 December 2022	**-**	**291,895**	**258,842**	**26,096,873**	**135,595**	**-**	**-**	**26,783,205**
1 January 2023	-	291,895	258,842	26,096,873	135,595	-	-	26,783,205
Depreciation for the year	-	35,545	54,998	4,628,173	38,342	-	-	4,757,058
31 December 2023	**-**	**327,440**	**313,840**	**30,725,046**	**173,937**	**-**	**-**	**31,540,263**
Carrying amounts								
31 December 2022	**800,960**	**1,474,578**	**154,234**	**49,050,112**	**1,276**	**-**	**3,221,411**	**54,702,571**
31 December 2023	**842,460**	**1,439,033**	**165,185**	**45,799,603**	**60,221**	**3,151,288**	**6,522,086**	**57,979,878**

15.1: The transfer relates to capital spares previously classed as inventory but now classed as capital spares

15.2: None of these assets are impaired nor pledged as security or collateral.

Notes to the financial statements

		31 December 2023	31 December 2022
16	**Goodwill**	**N'000**	**N'000**
	Balance at 1 January	9,701,191	9,701,191
	Adjustments	-	-
	Balance at 31 December	**9,701,191**	**9,701,191**

Goodwill arose from the excess of the consideration over acquisition-date fair values of identifiable asset i.e. purchase of Ughelli Power Plc on 1 November 2013. The goodwill amount relates to pre-existing goodwill from previous business combinations.

In assessing goodwill impairment at 31 December 2023 and 2022, the Company compared the aggregate recoverable amount of the asset to the carrying amounts. A recoverable amount has been determined based on the value in use using five-year cash flow budgets approved by directors that made maximum use of observable markets for inputs and outputs. For periods beyond the budgeted period, cash flows were extrapolated using growth rates that do not exceed the long-term average for the business.

The key assumptions used for the value-in-use calculations are as follows:

	31 December 2023	31 December 2022
Budgeted gross margin %	48%	45%
Weighted average growth rate	5.7%	2.5%
Pre-tax discount rate	25%	16%

		31 December 2023	31 December 2022
17	**Inventories**	**N'000**	**N'000**
	General stores	1,570,595	4,199,569
	Stationery	48,218	21,840
	Lubricant	141,977	92,938
		1,760,790	**4,314,347**

General stores, stationery and lubricants are carried as inventories and recognised in profit or loss as consumed. The cost of inventories recognised as an expense and included in 'cost of sales' amounted to N1.930 billion (2022: N1.844 billion). The impairment provision on inventory is based on specific identification of damaged items that are assessed as unlikely to be usable effectively for intended purposes. There was no inventory written down during the year. We transferred the capital spares from inventory to capital spares as indicated in Note 15

Notes to the financial statements

			31 December 2023	31 December 2022
18	**Trade and other receivables**		**N'000**	**N'000**
	Trade receivables	(Note 18.1)	113,984,453	73,868,053
	Due from related companies ***	(Note 18.2)	30,740,926	20,234,243
	Prepayments		119,794	216,996
	Advances to suppliers		331,625	172,311
	Other receivables		29,427	67,183
			145,206,225	**94,558,786**

*** Included in the amount due from related companies is intercompany loan receivables amounting to N4.69bn during the year (FY 2022 N7.8bn) repayable within a year and interest rate ranging from 13% to 16% per annum.

		31 December 2023	31 December 2022
18.1	**Trade receivables**	**N'000**	**N'000**
	Trade receivables	122,255,460	79,885,305
	Less: provision for impairment loss on trade receivables (Note 5.1)	(8,271,007)	(6,017,252)
		113,984,453	73,868,053
	Trade receivables	**113,984,453**	**73,868,053**

18.1 Interest clause in the Power Purchase Agreement

The Company is entitled to interest on electricity bills that are not paid within the contractual period as stipulated in the Power Purchase Agreement (PPA) signed with the Company's sole customer (NBET) on 21 February 2013. The Company started selling electricity to NBET in 2015 and had not recognised any interest since then 2019, the Regulator (NERC) ordered an industry wide reconciliation of outstanding amount of electricity supplied including all applicable interest on electricity bills that were not paid by NBET within the contractual period stipulated in the PPA.

The reconciliation was done during the year and the interest component amounted to ₦45.34billion (2022: ₦44.68billion). The Board of Directors decided not to recognize but to disclose the interest income in the financial statements as no payment has been made by NBET.

			31 December 2023	31 December 2022
18.2	**Due from related companies *** **		**N'000**	**N'000**
	Receivables from related parties	(Note 23.1)	31,903,475	20,918,623
	Less: provision for impairment loss		(1,162,549)	(684,380)
			30,740,926	**20,234,243**

19	**Cash and cash equivalents**		
	Cash in hand	1	43
	Cash at bank	2,715,146	1,679,741
	Fixed deposit	3,653,425	1,021,848
		6,368,572	**2,701,632**
	Cash and cash equivalents	**6,368,572**	**2,701,632**

Cash and cash equivalents comprise cash and bank balances. The carrying amount of these assets approximate their fair value.

Notes to the financial statements

		31 December 2023	31 December 2022
20	**Trade and other payables**	**₦'000**	**₦'000**
	Trade payables (Note 20.1)	67,993,801	55,499,711
	Other payables	12,395,517	6,218,915
	Accruals	3,928,563	4,200,955
	Withholding tax	1,854,241	2,728,213
	PAYE tax deductions	2,896	1,598
	Dividend payable (Note 20.2)	12,660,814	7,656,988
		98,835,832	**76,306,380**

Note 20.1 The trade payables relate to gas supplier's payables and the other payables are vendors that supplied various materials and provided services to the company.

Note 20.2 The dividend payables relate to interim dividend of N23.46bn declared by the company for the financial year 2023 and the portion relating to the parent company has been classed as an intercompany balance. The balance amount of the dividend is as shown in note 20 above.

21 Financial assets and financial liabilities

		31 December 2023	31 December 2022
21.1	**Financial assets**	**₦'000**	**₦'000**
	Debt instruments at amortised cost		
	Trade receivables (Note 18)	113,984,453	73,868,053
	Due from related companies (Note 18.2)	30,740,926	20,234,243
		144,725,379	**94,102,296**

Debt instruments at amortised cost include trade receivables and receivables from related parties.

21.2 Financial liabilities: Interest-bearing loans and borrowings

	Maturity	31 December 2023 ₦'000	31 December 2022 ₦'000
Term loan	2023 - 2030	36,289,570	29,967,161
$215 million acquisition loan	2023	1,022,703	13,104,504
Non-current		29,753,262	29,967,161
Current		7,559,011	13,104,504
		37,312,273	**43,071,665**

Movement in interest-bearing loans and borrowings

The movement in borrowings is as follows:	31 December 2023 N'000	31 December 2022 N'000
Balance as at 1 January	43,071,665	44,876,462
Additions	14,949,597	15,767,246
Interest accrued (Note 10)	7,694,081	4,379,945
Repayments	(32,117,223)	(22,691,071)
Foreign exchange difference	3,714,153	739,083
Balance as at 31 December	**37,312,273**	**43,071,665**

Notes to the financial statements

21.2 Financial liabilities: Interest-bearing loans and borrowings (cont'd)

Term loans
Term loans are facilities obtained by the Company from its bankers. These facilities are repayable by instalments at various dates between 2023 and 2030 with interest rate ranging from 15.5% to 19% per annum.

$215 million acquisition loan
$215 million acquisition loan obtained by the Company from its bankers for the purpose of acquiring 100% interest in Ughelli Power Plc. The balance was due for repayment in December 2021. However, in January 2022, the tenor of the loan was restructured to 2023 with a floating interest rate of 90 days LIBOR +8.5% and loan should have been repaid in FY 2023 but the Company defaulted with the last instalment payment of $1.6m in December 2023 which was subsequently settled in January 2024.

Security on loans
The securities to the lenders over the company's borrowings include the irrevocable domiciliation of the company's operational proceeds with the lender, the assignment of rights over all material contracts and Legal Charge over the shares of the Sponsor.

22 Investments

	31 December 2023 N'000	31 December 2022 N'000
Investment in shares	602,650	602,650
Investment in bond securities	1,771,242	1,606,268
	2,373,892	**2,208,918**

The investment in shares includes 5% shareholding in Afam Power Plc and 15% shareholding of Joelan. Joelan owns 60% of Abuja Electricity Distribution Company (AEDC) and the investment in bond securities has a maturity date of November 26, 2026 at 11%.

23 Related party transactions and balances

23.1 Balances with related parties during the year
The Company is a subsidiary of Transnational Corporation Plc which is domiciled in Nigeria. The parent company, Transnational Corporation Plc provided management services during the year to the Company and other intercompany related expenses/transaction**.**

Receivables from related parties	Nature of relationship	31 December 2023 N'000	31 December 2022 N'000
Transnational Corporation Plc	Parent company	14,085,802	7,714,200
Transcorp Hotel Plc, Abuja	Subsidiary of the group	8,705,181	8,199,929
Transcorp OPL 281 Limited	Subsidiary of the group	14,017	14,017
Transcorp Hotel Calabar	Subsidiary of the group	102	102
Trans-Afam Power Limited	Subsidiary of the group	8,896,373	4,788,375
Transcorp Energy Limited	Subsidiary of the group	200,000	200,000
Teragro Commodities Limited	Subsidiary of the group	2,000	2,000
		31,903,475	**20,918,623**

Notes to the financial statements

23.1 Balances with related parties during the year (cont'd)

The receivables from the related parties are short-term interest-bearing amounts arising from settlement of expenses. The interest rates range from 13% to 16% per annum and included in the related parties' balances are intercompany loan receivables amounting to N4.69bn during the year (FY 2022 N7.8bn) repayable within a year and interest rate ranging from 13% to 16% per annum. The accrued interest income from the intercompany loans during the year is N3bn (FY 2022 N445mn).

'There was provision recognised in the current and prior year for bad or doubtful debts in respect of the amounts owed by related parties. (Note 11)

Terms and conditions of transactions with related parties

All transactions are made on terms equivalent to those that prevail in arm's length transactions. There have been no guarantees provided or received for any related party receivables. For the year ended 31 December 2023, the Company recognized N478mn (2022: N78mn) as provision for expected credit losses relating to amounts owed by related parties.

b. Key management personnel

Key management personnel constitute those individuals who have the authority and the responsibility for 'planning, directing and controlling the activities of Transcorp Power Plc, directly or indirectly, including any director (whether executive or non-executive). The individuals who comprise the key management personnel are the Board of Directors as well as certain key management and officers.

Directors' emoluments are disclosed in Note 27.

24 Share Capital	**31 December 2023 N'000**	**31 December 2022 N'000**
Allotted, called up, issued, and fully paid:		
At 1 January	40,108	39,468
Scrip issues - 5,250,870 (FY 2023) ; 1,280,236 (FY 2022) number of shares (Note 26.1)	2,625	640
New Shares as a bonus issue	3,707,267	-
	3,750,0000	**40,108**

On 19 December 2023 Transcorp Power Plc increased its share capital from ₦42,733,641.50 divided into 85,467,283 ordinary shares of ₦0.50 each to ₦3,750,000,000.00 divided into 7,500,000,000 ordinary shares of ₦0.50 each by the creation of an additional 7,414,532,717 ordinary shares of ₦0.50 each. These shares are to be financed from share premium.

25 Share premium		**31 December 2023 N'000**	**31 December 2022 N'000**
Balance as at 1 January		34,967,736	31,127,668
Scrip issued	(Note 26.1)	13,124,550	3,840,068
New Shares as a bonus issue (Note 26.2)		(3,707,267)	-
Balance as at 31 December		**44,385,019**	**34,967,736**

Notes to the financial statements

25.1 During the year, the Directors recommended a scrip issue of three new share for every thirty-nine (39) shares which is to be paid for from the declared dividend (scrip dividend). Some shareholders exercised their rights while some did not. Total shares taken was 5,250,870. The shares were issued at a premium above the nominal value of N0.50k per share.

25.2 During the year, the company authorized the increase of its share capital from ₦42,733,641.50 divided into 85,467,283 ordinary shares of ₦0.50 each to ₦3,750,000,000.00 divided into 7,500,000,000 ordinary shares of ₦0.50 each by the creation of an additional 7,414,532,717 ordinary shares of ₦0.50 each (such additional shares "the New Shares"), the New Shares to rank pari passu in all respects with the existing ordinary shares in the share capital of the Company. These additional shares were paid from the share premium account.

26 Retained earnings

The movement in retained earnings during the year is as follows:

	31 December 2023	**31 December 2022**
Balance as 1 January	2,956,132	2,839,001
Profit for the year	30,233,530	17,283,406
Interim dividend (Note 30)	(23,462,335)	(17,166,275)
Balance as at 31 December	**9,727,327**	**2,956,132**

27 Particulars of employees and directors

The table below shows the number of employees (excluding directors), who earned emoluments in the year and were within the bands stated.

Employees	**31 December 2023 Number**	**31 December 2022 Number**
Less than N1,000,000	-	5
N1,000,001 - N2,000,000	24	32
N2,000,001 - N5,000,000	50	94
Above N5,000,000	110	52
	184	**183**

Notes to the financial statements

27 Particulars of employees and directors (cont'd)

	31 December 2023 N'000	31 December 2022 N'000
Staff costs for the above persons (excluding Directors):		
Salaries and wages	1,250,446	1,007,317
Pension cost	21,173	19,172
	1,271,619	**1,026,489**
Analysis of staff costs:		
Cost of sales (Note 8)	728,212	646,102
Administrative expenses (Note 11)	543,407	380,387
	1,271,619	**1,026,489**
Emoluments of directors		
The remuneration paid to the Directors of the Company was:		
Fess	130,500	135,000
Other allowances	20,300	43,990
	150,800	**178,990**
Amount paid to the highest paid director excluding pension contribution Fees	67,198	62,784
	67,198	**62,784**
Compensation of managers		
Salaries and short-term employee benefits	455,792	251,968
Defined contribution	19,267	11,962
	475,059	**263,930**

Managers exclude directors (executive and non-executive). The compensation paid or payables to managers for services is as shown above. There is a total of 130 Male and 54 of Female.

The number of directors of the Company (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the Company fell within the following ranges:

	31 December 2023 Number	31 December 2022 Number
Less than N10,000,000	7	7
Over N10,000,000	1	1
	8	8

Notes to the financial statements

28 Capital commitments and contingent liabilities

The Directors have disclosed that all known liabilities and commitments which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

The Company has committed capital expenditure up to N9bn to Thomassen Service Middle East (TSME) and General Electric for the rehabilitation of Gas Turbine (GTs) 7, 9, 17 and 19.

Legal claim contingency
The Company is involved in some legal actions in the ordinary course of business which are not material. The Company has been advised by its legal counsel that it is only possible, but not probable, that the action will succeed. Accordingly, no provision for any liability has been made in these financial statements.

29 Distributions made and proposed	**31 December 2023 N'000**	**31 December 2022 N'000**
Dividend for 2023	23,462,335	-
Dividend for 2022	-	17,166,275
	23,462,335	**17,166,275**

The company during its 58th Board Meeting held on Monday, December 18, 2023 declared an interim dividend of N23,462,335,236 which is a dividend per share of N247.07 to its shareholders.

30 Segment reporting

In accordance with the provisions of IFRS 8 – Operating Segments; the operating segments used to present segment information were identified on the basis of internal reports used by the Company's Managing Director to allocate resources to the segments and assess their performance. The Managing Director is Transcorp Power Plc's "Chief operating decision maker" within the meaning of IFRS 8.

Segment information is provided on the basis of geographical segments as the Company manages its business through two customer groups - International and Local customers. The business segments presented reflect the management structure of the Company and the way in which the Company's management reviews business performance. The accounting policies of the reportable segments are the same as described in Note 3.

The Company has identified two operating segments:

(i) International - this segment is responsible for the sale of electric power to customers outside Nigeria.
(ii) Local - this segment is responsible for the sale of electric power to customers within Nigeria.

Segment assets and liabilities are not disclosed as these are not regularly reported to the Chief Operating decision maker.

Notes to the financial statements

30 Segment reporting (cont'd)

Segment revenue and expenses

	Foreign Sales		**Local Sales**		**Total**	
	Dec 2023	**Dec 2022**	**Dec 2023**	**Dec 2022**	**Dec 2023**	**Dec 2022**
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	25,345,468	11,598,166	116,776,896	78,751,220	142,122,364	90,349,386
Cost of sales	(11,837,812)	(7,810,478)	(54,862,415)	(40,336,531)	(66,700,227)	(48,147,009)
Gross profit	**13,507,656**	**3,787,688**	**61,914,481**	**38,414,689**	**75,422,137**	**42,202,377**
Operating Costs	(1,835,489)	(633,277)	(8,961,506)	(5,699,490)	(10,796,996)	(6,332,767)
Finance Costs	(769,408)	(851,056)	(11,092,032)	(6,399,578)	(11,861,440)	(7,250,634)
Profit before tax	**10,902,759**	**2,303,355**	**41,860,943**	**26,315,621**	**52,763,701**	**28,618,976**

31 Events after statement of financial position date

The change of name of the Company from Transcorp Power Limited to Transcorp Power Plc was completed on 10 January 2024 with the approval of Corporate Affairs Commission (CAC). Consequently, the Company shares was listed on the Nigerian Exchange limited (NGX Exchange) on 6th March 2024.

There were no other significant subsequent events which could have had a material effect on the state of affairs of the Company as at 31 December 2023 that have not been adequately provided for or disclosed in these financial statements.

32 Liquidated Damages

Following the commencement of the partial activation effective July 1, 2022 where generating companies (GenCos) are assigned contracted capacities and failure to meet the contracted capacity, the GenCo is charged a penalty as liquidated damages when such failure is attributed to the GenCo. In the course of the financial year 2023, the Market Operator has not charged Transcorp Power Plc. (2022: N2.28bn) as liquidated damage for not meeting its contracted capacity. Transcorp Power Plc has questioned the Market Operator and challenged this amount as its not correct.

32 Transmission Loss Factor (TLF)

Nigeria Electricity Regulatory Commission (NERC) issued an order effective January 1, 2022 reducing the transmission loss factor (TLF) from 8.05% to 7.5% (2022) and 7.25% (2023). This deduction is reflected in the Final Settlement Statement (FSS) issued by the Market Operator (MO). However, NBET application and implementation is contrary to our signed contract. We have written to NBET rejecting their understanding, implementation and requesting them to refer the matter to NERC for clarity. The total impact of TLF in in the year is N977mn (2022: N453mn) in these financial statements.

OTHER NATIONAL DISCLOSURES

Statement of value added

	31 December 2023 N'000	%	31 December 2022 N'000	%
Turnover	142,122,364		90,349,386	
Bought-in materials and services (local)	(47,632,076)		(32,343,731)	
Brought- in materials and services (foreign)	(972,083)		(660,076)	
	93,518,205		57,345,578	
Other operating income	597,949		189,109	
Value added	**94,116,154**	**100**	**57,534,687**	**100**
Distributed as follows:				
Employees:				
To pay salaries, wages and other staff costs	1,271,619	1	1,026,488	2
Provider of funds				
Interest	11,861,441	13	7,250,634	13
Dividend	23,462,335	25	17,166,275	30
Government:				
To pay tax	18,387,869	19	5,619,850	9
Retained for future growth:				
Deferred tax	4,142,302	4	5,715,721	10
Depreciation	4,757,058	5	3,472,313	6
Profit for the year	30,233,530	32	17,283,406	30
Value added	**94,116,154**	**100**	**57,534,687**	**100**

Value added represents the additional wealth which the Company has been able to create by its own and its employees' efforts. This statement shows the allocation of that wealth amongst employees, fund providers, government, and that retained for future creation of wealth.

Five-year financial summary

	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
Statement of financial position					
Non-current assets	70,054,960	66,612,680	65,918,561	60,261,865	62,542,578
Net current assets/(liabilities)	26,759,022	6,374,532	(11,321,956)	20,251,828	3,225,762
Non-current liabilities	(38,951,636)	(35,023,236)	(20,590,468)	(55,977,561)	(52,182,202)
Net assets	**57,862,346**	**37,963,976**	**34,006,137**	**24,536,132**	**13,586,138**
Share capital	3,750,000	40,108	39,468	39,468	37,076
Share premium	44,385,019	34,967,736	31,127,668	31,127,668	26,346,049
Retained earnings	9,727,327	2,956,132	2,839,001	(6,631,004)	(12,796,987)
Total equity	**57,862,346**	**37,963,976**	**34,006,137**	**24,536,132**	**13,586,138**
Statement of profit or loss and other comprehensive income					
Revenue	142,122,364	90,349,386	74,330,710	65,118,677	55,941,017
Profit before income tax	52,763,701	28,618,977	23,090,386	11,997,910	9,259,855
Income tax expense	(22,530,171)	(11,335,571)	(3,546,936)	(475,762)	(5,148,931)
Profit after taxation transferred to retained earnings	**30,233,530**	**17,283,406**	**19,543,450**	**11,522,148**	**4,110,924**