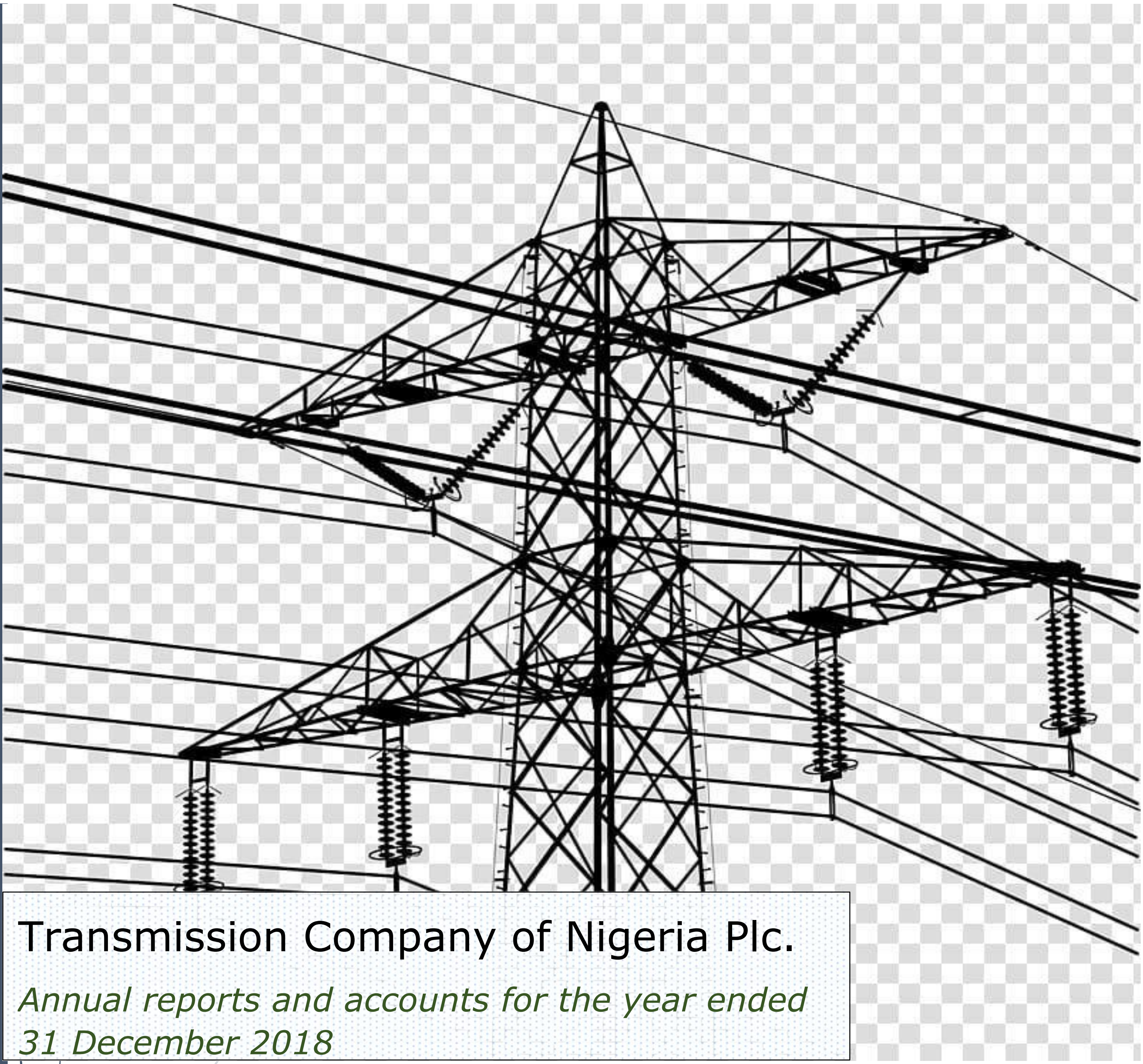

Transmission Company of Nigeria Plc.

Annual reports and accounts for the year ended 31 December 2018

Contents

CORPORATE INFORMATION

Company registration number
RC 639052

Directors

		Appointment	Resignation
Engr. S.A. Abdulaziz	Managing Director/CEO (TCN)	20 May 2020	Not applicable
Usman Gur Mohammed	Managing Director/CEO	1 Feb 2017	19 May 2020
Adewumi Gbadebo Victor	Interim Head (TSP)	1 Sept 2017	Not applicable
Isah-Dutse Ahmed	ED–Finance & Accounts (TSP)	1 Sept 2017	Not applicable
Ezeukwu Ifeanyi Kenechukwu	Interim ED – HR&CS	1 Sept 2017	3 Jan 2019
Lawal Maman Jimoh (Engr.)	Head (ISO)	1 Sept 2017	Not applicable
Fatima Lawan Muhtar	Company Secretary/ Legal Adviser	1 Nov 2013	Not applicable

Independent auditor
Ahmed Zakari & Co (Chartered Accountants)
2nd Floor
Akintola Williams House
Plot 2048 Micheal Okpara Way
Wuse Zone 7 Abuja.

Corporate office
Plot 14, Zambezi Crescent
Maitama
Abuja, FCT Nigeria.

Principal bankers
Central Bank of Nigeria

Company secretary
Mrs Fatima Lawan Muhtar
Plot 14, Zambezi Crescent
Maitama District
Abuja, FCT Nigeria.

Report of the directors

The directors submit their report together with the audited financial statements for the year ended 31 December 2018, to the members of the Transmission Company of Nigeria Plc ("the Company"). This report discloses the financial performance and state of affairs of the Company.

Incorporation and address

Transmission Company of Nigeria Plc was incorporated in Nigeria on 11 November 2005 under the Companies and Allied Matters Act as a public limited liability company, and is domiciled in Nigeria. The address of the registered office is:

Plot 14, Zambezi Crescent
Maitama District
Abuja, FCT Nigeria.

Principal activities

The Company is principally engaged in the transmission of electric power. The Company was issued two transmission licenses, one on 1 July 2006 and the other on 10 June 2013. Its licensed activities include electricity transmission and system operations.

Results and dividends

The Company's results for the year ended 31 December 2018 are set out on page 8. The profit for the year has been transferred to retained earnings. The summarised results are presented below.

	31 December 2018 ₦'000	**31 December 2017 ₦'000**
Revenue	109,866,110	100,721,135
Profit/(Loss) before tax	13,108,886	(27,849,997)
Tax (expenses)/ credit	(8,419,301)	151,702,649
Profit/ (loss) for the year	4,689,581	123,852 ,652
Other comprehensive gain/(loss)	(68,707)	17,696
Total comprehensive income for the year	**4,620,874**	**(101,374,003)**

The directors did not recommend payment of dividend to the shareholders in 2018 (2017: Nil).

Directors

The directors who held office during the year and to the date of the approval of this report are set out on page 2.

Shareholding

As at 31 December 2018, the shareholders of the Company were as follows:

Shareholders	Number of Shares (Unit) holding	Percentage (%)
Bureau of Public Enterprise	8,000,000	80%
Ministry of Finance Incorporated	2,000,000	20%
Total	10,000,000	100

None of the directors has notified the Company for the purpose of Section 277 of the Companies and Allied Matters Act of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Report of the directors (Cont'd)

Directors' shareholding
For the purpose of Sections 275 and 276 of the Companies and Allied Matters Act, none of the Directors had direct and indirect holding in the Company.

Employment and employees (a) Employment of disabled persons
Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicants concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

(b) Employee health, safety and welfare
The Company places a high premium on the health, safety and welfare of its employees in their place of work. To this end, the Company has various forms of insurance policies, including workmen's compensation and group life.

(c) Employee training and involvement
The Company places considerable value on the involvement of its employees in major policy matters and has continued its previous practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company. This is achieved through meetings with employees and consultations with their representatives.

The Company has in-house training facilities, complemented when necessary with additional outsourced facilities for the training of its employees.

Property, plant and equipment
The Company invests in property, plant and equipment which are used in the course of its business. These items have been recorded at cost less any accumulated depreciation and accumulated impairment. The Company's property, plant and equipment have been appropriately disclosed in Note 14.

Donations and gifts
No donation was made to charitable institutions and organizations during the year (2017: Nil). In accordance with Section 38 (2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose during the year (2017: Nil). **Auditors**

Messrs. Ahmed Zakari & Co (Chartered Accountants) have indicated their willingness to continue in office as auditors in accordance with Section 357(2) of the Companies and Allied Matters Act.

By Order of the Board

[signature]	13th November 2020
Mrs. Fatima Lawan Muhtar **Company Secretary, Abuja, Nigeria** **FRC/2017/NBA/00000016329**	**Date**

Statement of Directors' Responsibilities

The directors accept responsibility for the preparation of the financial statements set out on pages 9 to 43 that give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act of Nigeria.

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act of Nigeria and for such internal control as the directors deemed necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Engr. S. A. Abdulaziz
Ag. Managing Director/CEO
FRCN NO: FRC/2020/002/00000021756

Signature

24/11/2020
Date

Mr. Ahmed Isah-Dutse
Executive Director, Finance & Accounts
FRCN NO: FRC/2018/ANAN/00000018748

Signature

24/11/2020
Date

Independent auditor's report

To the members of Transmission Company of Nigeria Plc.

Opinion

We have audited the financial statements of Transmission Company of Nigeria Plc ("The Company") which comprise the statement of financial position as at 31 December 2018, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and the notes to the financial statements including a summary of significant accounting policies, as set out on pages 9 to 41.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 31 December 2018 and of the financial performance and cash flows for the year then ended in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004 and in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011 and the International Financial Reporting Standards.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Responsibilities of the Auditor for the financial statements section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (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 in accordance with other ethical requirements applicable to performing audits in Nigeria. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key Audit Matters are those matters which, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31 December 2018. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Area of focus	*Our Audit procedures thereon*
Impairment of trade receivables: The calculation of impairment allowance on receivables involves subjectivity in the application of management's judgement in making assumptions based on the economic environment, industry trends and customer specific matters which may impact on receivables recoverability. The Company implemented IFRS 9, Financial Instruments which became effective on 1 January 2018. A key requirement of IFRS 9 is the calculation of impairment allowance on financial assets using the Expected Credit Loss Model (ECL), a change from the Incurred Loss Model applied under IAS 39, Financial Instruments: Recognition and Measurements.	- *We examined the model in use by:* *i. Evaluating the relevance of the model to the calculation of impairment allowances under IFRS 9.* *ii. We assessed the assumption made by the company and methodology used in the impairment of trade receivables and tested the consistency of management application of its policy on allowance for doubtful debt with those of previous years.* *iii. We reviewed the computation model used by management together with all relevant input and re-performed the computation of the provision.*

Partners: Shuaibu A. Ahmed | Isma'ila M. Zakari | Tajudeen Adetokunbo Oni | Najib Imam | Wazir Olukayode Lawal

Central Office: 5th Floor, African Alliance House. F1Sani Abacha Way, P.O. Box 6500, Kano, Nigeria.
Lagos Office: 22B Oladipo Diya Crescent, 2nd Avenue Estate, Ikoyi, Lagos. P. O. Box 54478, Falomo, Ikoyi, Lagos.
Abuja Office: 2nd Floor, Akintola Williams House, Plot 2048 Michael Opara way, Wuse Zone 7, Abuja.
E-mail: info@ahmedzakari.com ***Url:*** www.ahmedzakari.com

Historically, the risk of low collection of the amount billed by the company for electricity delivered to various trading points mostly lies with the DisCos. This historical trend together with other matters disclosed on Notes 4(a) and 16 were the basis for the company's policy on the impairment of this financial asset.

iv. *We evaluated the appropriateness of the accounting policies and disclosure based on the requirements of the Standard.*

Other information

The Directors are responsible for the other information. The other information comprises the Report of the Directors, Statement of Directors' Responsibilities, value added statement and five-year financial summary. Other information does not include the financial statements and our audit report thereon. Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Directors' responsibility for the financial statements

The Directors are responsible for overseeing the company's financial reporting process including the preparation and fair presentation of the financial statements in compliance with the Financial Reporting Council of Nigeria Act No. 6, 2011 and in accordance with International Financial Reporting Standards and in the manner required by the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

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.

Responsibilities of the Auditor for 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 International Standards on Auditing 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 International Standards on Auditing, 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.

Responsibilities of the Auditor for the financial statements (Cont'd)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors 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 the audit.

Report on Other Legal and Regulatory Matters

Compliance with the requirements of Schedule 6 of the Companies and Allied Matters Act CAP C20, LFN 2004

We confirm that:

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

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

(iii) The company's statements of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

M Zakari

Isma'ila Muhammadu Zakari, FCA
FRC/2013/ICAN/00000002077
For: Ahmed Zakari & Co.
(Chartered Accountants)
Abuja, Nigeria

A 246418

25th November, 2020

TRANSMISSION COMPANY OF NIGERIA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

Continuing operation	**Note**	**2018** **N'000**	**2017** **N'000**
Revenue	5.	109,866,110	100,721,134
Cost of sales	6.	(15,436,216)	(15,243,106)
Gross profit		94,429,894	85,478,028
Other Income	7.	3,155,330	1,727,299
Administrative expenses	8.	(84,105,533)	(93,684,630)
Operating profit/(loss)		13,479,690	(6,479,303)
Net finance cost	10.	(370,808)	(21,370,693)
Operating profit/(loss) before taxation		13,108,882	(27,849,996)
Taxation	19.	(8,419,301)	151,702,649
Profit/(loss) for the year from continuing operations		**4,689,581**	**123,852,653**
Other comprehensive income	SCE	(68,707)	17,696
Total other comprehensive income		**(68,707)**	**17,696**
Total comprehensive profit/(loss) for the year		**4,620,874**	**123,870,349**
Profit/(loss) per share (Kobo)			
Basic and diluted		**46,209**	**1,238,703**

The accompanying notes and other National disclosures are an integral part of these financial statements.

TRANSMISSION COMPANY OF NIGERIA PLC

STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 N'000	2017 N'000
ASSETS			
Non current assets			
Property plant and equipment	14.	547,876,760	536,807,720
Intangible Asset	15.	-	-
Deferred tax assets	19.3	51,395,225	58,306,615
Total non current assets		599,271,985	595,114,335
Current assets			
Inventories	16.	7,518,997	7,860,426
Trade, other receivables	17.	33,623,335	21,875,015
Prepayments and other assets	18.	55,408,912	49,277,269
Cash and cash equivalent	20.	104,955,700	77,748,777
Total current assets		201,506,944	156,761,487
Total Assets		**800,778,929**	**751,875,822**
EQUITY AND LIABILITIES			
Equity and reserves			
Ordinary share capital	21.	5,000	5,000
Capital contribution	22.	266,388,612	241,982,781
Revaluation reserve	SCE	413,932,481	413,932,481
Retained earnings	SCE	(13,126,796)	(24,045,827)
Total equity		667,199,297	631,874,435
Non current liabilities			
Borrowings	23.	117,112,923	105,904,271
Deferred tax liabilities	18.3	-	-
Total non current liabilities		117,112,923	105,904,271
Current liabilities			
Trade and other payables	25.	14,385,236	13,523,554
Current tax liabilities	18.2	2,081,473	573,562
Total current liabilities		16,466,709	14,097,116
Total liabilities		133,579,632	120,001,387
Total liability and equity		**800,778,929**	**751,875,822**

The financial statements on pages 9 to 12 were approved and authorised for issue by the Board of Directors on 11 November 2020 and were signed on its behalf by:

Engr. S.A. Abdulaziz
Ag. Managing Director/CEO
FRCN NO: FRC/2020/002/00000021756

Mr. Ahmed Isah-Dutse
Executive Director, Finance & Accounts
FRCN NO: FRC/2018/ANAN/00000018748

The accompanying notes and other National disclosures are an integral part of these financial statements.

TRANSMISSION COMPANY OF NIGERIA PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Share capital N'000	Capital contribution N'000	Revaluation reserve	Retained earnings N'000	Total equity N'000
1 January 2017		5,000	259,652,514	413,932,481	(147,916,176)	525,673,819
Profit for the year		-	-	-	123,852,653	123,852,653
Additional capital contribution by owners		-	16,643,750	-	-	16,643,750
Other comprehensive loss		-	-	-	17,696	17,696
Adjustment	22.	-	(34,313,483)	-	-	(34,313,483)
31 December 2017		**5,000**	**241,982,781**	**413,932,481**	**(24,045,827)**	**631,874,435**
Adjustment on initial application of IFRS 9 net of tax	34.	-	-	-	6,301,580	6,301,580
Adjustment on initial application of IFRS 15 net of tax						
1 January 2018		**5,000**	**241,982,781**	**413,932,481**	**(17,744,247)**	**638,176,015**
Profit for the year	SCI	-	-	-	4,689,581	4,689,581
Additional capital contribution by owners		-	24,405,831	-	-	24,405,831
Other comprehensive loss		-	-	-	(68,707)	(68,707)
Adjustment in depreciation	22.	-	-	-	(3,423)	(3,423)
					-	-
31 December 2018		**5,000**	**266,388,612**	**413,932,481**	**(13,126,796)**	**667,199,297**

The accompanying notes and other National disclosures are an integral part of these financial statements.

TRANSMISSION COMPANY OF NIGERIA PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 N'000	2017 N'000
Cash flows from operating activities			
Loss before taxation		13,108,882	(27,849,997)
Adjustment for:			
Depreciation on Property, plant and equipment	14.	11,784,900	11,582,459
Amortisation of Intangible Asset	15.	18,293	
Prior year Adjustment on depreciation	SCE	(3,423)	
Impairment loss on receivables	34.1.3	6,301,580	
Adjustment in retained earnings and other gains	10.1	(68,705)	-
Interest income and other gains	10.1	(450,342)	(4,226)
Cash flow before changes in working capital		30,691,185	(16,271,764)
Movement in working capital:			
Decrease in inventory		341,429	1,366,675
Decrease/(Increase) in trade and other receivables		(11,748,320)	2,250,560
Increase in other assets		(6,131,643)	(6,080,704)
(Decrease)/Increase in trade and other payables		861,680	(4,289,711)
Net cash provided by operating activities		**14,014,331**	**(23,024,944)**
Cash flows from investing activities:			
Purchases of property, plant and equipment	14.	(22,853,940)	(13,463,499)
Purchase of Intangible Asset	15.	(18,293)	
Interest income	10.1	450,342	4,226
Net cash provided by investing activities		**(22,421,891)**	**(13,459,273)**
Cash flows from financing activities:			
Borrowings	23.	11,208,652	19,631,721
Adjustment in Borrowings		-	36,321,687
Additional capital contribution by the owners		-	16,643,144
Adjustment in capital contribution	22.	24,405,831	(34,313,483)
Net cash provided by financing activities		**35,614,483**	**38,283,069**
Net increase/(decrease) in cash and cash equivalents		27,206,923	1,798,852
Net cash and cash equivalents at 1 January		77,748,777	75,949,925
Net Cash and cash equivalents at the end of the year	20.	**104,955,700**	**77,748,777**

The accompanying notes and other National disclosures are an integral part of these financial statements.

TRANSMISSION COMPANY OF NIGERIA PLC

FINANCIAL STATEMENT FOR THE YEAR ENEDED 31 DECEMBER 2018

FOR THE YEAR ENDED 31 DECEMBER 2018

NOTES TO THE FINANCIAL STATEMENTS

CONTENT

1. General Information

.1 Legal form

Transmission Company of Nigeria Plc ("the Company") was incorporated in Nigeria on 11 November 2005 under the Companies and Allied Matters Act as a Public Limited Liability Company (PLC). Two licenses were issued to the company on 1 July 2006 and 10 June 2013 to enable it take over as a going concern, the Transmission and System operations activities of the defunct Power Holding Company of Nigeria. ("PHCN"). The company commenced operation after the unbundling on 1 November 2013.

The shareholding structure of the company is as follows;

	%
Bureau of Public Enterprises	80
Ministry of Finance Incorporated	20

.2 Principal Activity

The core business activities of the company is the provision of electricity transmission services, management of the flow of electricity across the Nigerian National grid and all relevant ancillary services to the Nigeria Electricity Supply Industry.

.3 Composition of financial statements

The financial statements are drawn up in naira, the functional currency of Transmission Company Of Nigeria Plc. in accordance with International Financial Reporting Standards (IFRS).

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

.4 Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

In preparing financial statements, IFRS requires the use of certain critical accounting estimates. It further requires management to exercise judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, including restatements made to prior year balances are disclosed in Note 4.

.5 Financial period

These financial statements cover the financial period from 1 January 2018 to 31 December 2018 with comparatives for the year ended 31 December 2017.

.6 Statement of compliance

The Company's financial statements for the year ended 31 December 2018 and the accompanying comparative financial statement relate to the full year ended 31 December 2017 are presented in accordance with, and comply with, International Financial Reporting Standards (IFRS) and International Reporting Interpretations Committee (IFRIC) interpretations issued and effective for the periods presented.

2. *Application of new and revised International Financial Reporting Standards (IFRSs)*

.1 New accounting standards, amendments and interpretations issued but not yet effective

The following revisions to accounting standards and pronouncements were issued but are not yet effective. Where IFRSs and IFRIC Interpretations listed below permits early adoption, the company has not applied any in the preparation of these financial statements.

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

Standard	Pronouncement/details of amendment	Issued Dates	Effective Date
IFRS 3 — Business Combinations	Effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period	October 2018	annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period
IAS 1 Presentation of Financial Statements	Amended by Definition of Material (Amendments to IAS 1 and IAS 8)	January 2020	Effective for annual periods beginning on or after 1 January 2022
IFRS 16 Leases	It provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value.	January 2016	Annual periods beginning on or after 1 January 2019
IFRS 17 Insurance Contracts	Allows insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. IFRS 17 supersedes IFRS 4 *Insurance Contracts* as of 1 January 2021.	May 2017	Applicable to annual reporting periods beginning on or after 1 January 2021
IFRIC 23 Uncertainty over Income Tax Treatments	Establishes the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12.	June 2017	Applicable to annual reporting periods beginning on or after 1 January 2019

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

.1 Accounting standards and interpretations issued but not yet effective (cont'd)

Amendments to IFRS 3 (Business Combination)

IFRS 3 (Business Combinations) outlines the accounting when an acquirer obtains control of a business (e.g.) An acquisition or merger). In October 2018, after the post implementation review of IFRS 3, the IASB issued an amendment to IFRS 3 which centers majorly on the definition of a Business. They include:

i. That to be considered a business, an acquired set of activities and assets must include, at minimum, an input and a substantive process that together significantly contribute to the ability to create outputs:

ii. Narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs.
iii. Add guidance and illustrative examples to help entities assess whether a substantive process has been acquired.

iv. Remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs: and
v. Add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

The effective date is on or after 1st January 2020. This amendment does not have any impact on the company.

Amendment to IAS 1 and IAS 8

In October 2018, the IASB issued the definition of 'material'. The amendments are intended to clarify, modify and ensure that the definition of 'material' is consistent across all IFRS. in IAS 1 (Presentation of Financial Statements) and IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the revised definition of 'material' is quoted below:

"An information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements, which provide financial information about a specific reporting entity"

The amendments laid emphasis on five (5) ways material information can be obscured. These include:

- If the language regarding a material item, transaction or other event is vague or unclear;
- If information regarding a material item, transaction or other event is scattered in different places in the financial statements;
- If dissimilar items, transactions or other events are inappropriately aggregated;
- If similar items, transactions or other events are inappropriately disaggregated; and
- If material information is hidden by immaterial information to the extent that it becomes unclear what information is material.

The amendments are effective for annual reporting periods beginning on or after 1st January 2020. The company has taken into consideration the new definition in the preparation of its annual account.

2 Application of new and revised International Financial Reporting Standards (IFRSs) (Cont'd)

.1 Accounting standards and interpretations issued but not yet effective (cont'd)

Annual Improvements to IFRS Standards 2014–2018 Cycle

IFRS 1 First-time adoption of IFRSs
Deletes the short-term exemptions in paragraphs E3–E7 of IFRS 1, because they have now served their intended purpose. This amendment was issued on 8 December 2016 and effective periods beginning on or after January 2019.

Prepayment Features with Negative Compensation (Amendments to IFRS 9)
Amends the existing requirements in IFRS 9 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. Issued on 12 October 2017 and expected to become effective from 1 January 2019.

Annual Improvements to IFRS Standards 2016–2018 Cycle

Amendments to IFRS 3 and IFRS 11
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. Issued date was 12 December 2017 and effective date is from 1 January 2019.

Amendments to IAS 12
The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits. Issued date was 12 December 2017 and effective date is from 1 January 2019.

Amendments to IAS 23
The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Issued date was 12 December 2017 and effective date is from 1 January 2019.

3. Significant accounting policies

The significant accounting policies are set out below:

.1 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 the entity operates ('the functional currency'). The functional currency and presentation currency of the Company is the Nigerian Naira (₦).

3. Significant accounting policies (Cont'd)

b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at exchange rates of monetary assets and liabilities denominated in currencies other than the Company's functional currency are recognized in profit or loss within finance income/ expense. Monetary items

.2.1 Financial assets

a) Recognition and initial Measurement

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

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

b) Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fairvalue through other comprehensive income (FVOCI)- some debt investment and equity investment and FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets,in which case all affected financial assets are reclassified on the first day of the first reporting period following the changes in the business model.

A financial asset is measured at amortised costif it meets both of the following conditions and it not designated as FVTPL:

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

A debt investment is measured at FVOCI if it meets both of the following conditions and it not designated as at FVTPL:

-it is held within a business model whose objective is achieved by both collecting contractual cash flows and slling financial assets: and
-its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the compan may irrevocably elect to present subsequent changes in the investment's fairvalue in OCI. This election is made on an investment -by-investment basis.

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

A debt investment is measured at FVOCI if it meets both of the following conditions and it not designated as at FVTPL: (Cont'd)

Business model assessment:- Applicable from 1 January 2018

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

1) The stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual return revenue, maintaining a particular return rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;

2) How the performance of the portfolio is evaluated and reported to management;
3) The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account.

Assessment of whether contractual cash flows are solely payments of principal and return on principal amount outstanding Applicable from 1 January 2018

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortization of the premium/discount). 'Return' is include consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

.2.2 Financial liabilities

a) Classification

Financial liabilities are classified as financial liabilities at amortised cost. The Company has no financial liabilities in any other category. Management determines the classification of financial liabilities at initial recognition.

b) Financial liabilities at amortized costs
These include trade payables, other payables and borrowings. Trade payables are classified as current liabilities due to their short term nature while borrowings are spilt into current and non current liabilities. Borrowings included in non-current liabilities are those with maturities greater than 12 months after the reporting date.

c) Recognition and measurement
Financial liabilities are recognized initially at fair value, net of any transaction costs. Subsequently, they are measured at amortised cost using the effective interest method.

.2.3 Derecognition
Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the Company tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition).

Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

3. *Significant accounting policies (cont'd)*

.2 Financial instruments (Cont'd)

.2.4 Offsetting Financial Instruments

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

The legally enforceable right must not be contigent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

.2.5 Impairment of Financial Asets

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a Company of financial assets is impaired. A financial asset or Company of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or Company of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a Company of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

.3 IFRS 15: Revenue

The Company adopted IFRS 15 Revenue from contracts with customers on its effective date of 1 January 2018. IFRS 15 replaces IAS 18 Revenue and establishes a five-step model to account for revenue arising from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts.

The standard establishes a more systematic approach for revenue measurement and recognition by introducing a five-step model governing revenue recognition. The five-step model requires the Company to:

i. identify the contract with the customer,
ii. identify each of the performance obligations included in the contract,
iii. determine the amount of consideration in the contract,
iv. allocate the consideration to each of the identified performance obligations and
v. recognise revenue as each performance obligation is satisfied.

There are no significant impacts from the adoption of IFRS 15 in relation to the timing of when the Company recognizes revenues or when revenue should be recognised gross as a principal or net as an agent.

In addition, guidance on interest and dividend income have been moved from IAS 18 to IFRS 9 without significant changes to the requirements.

Revenue from energy wheeled into national grid

Revenue represents the total tariff earned per kilowatt of energy wheeled into the national grid.

3. Significant accounting policies (cont'd)

.4 Employee Benefits

.4.1 Wages, salaries and annual leave

Wages, salaries, bonuses, other contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company.

The Company operates only a defined contribution pension scheme

.4.2 Defined Contribution Scheme

The Company operates a defined contribution retirement benefit scheme for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. The employee contributes 8% while the Company contributes 20% of the emoluments (basic, housing and transport allowance). The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods

The assets of this scheme are held by pension fund administrators, which are funded by contributions from both the employee and the Company. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

.5 Cash and Cash Equivalents

Cash and cash equivalents as shown in the statement of financial position comprise cash in hand or bank, deposits held at call with banks and time deposits which are readily convertible to cash with a maturity of three months or less.

.6 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks, other short term highly liquid investments with original maturities of three months or less.
The cash flows from investing and financing activities are determined by using the direct method.

.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Cost includes: expenditure that are directly attributable to the acquisition of the fixed assets. Historical costs includes expenditure that is directly attributable to the acquisition of the item. When parts of an item of fixed assets have different useful life, they are accounted for as separate items of fixed assets. Costs relating to fixed assets under construction or in the process of installation are disclosed as capital work in progress. The cost attributable to each asset is transferred to the relevant category immediately the asset is available for use.

Subsequent costs are included in the asset's carrying amount or recognized 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. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Construction work in progress is not depreciated. All such assets, once available for use are capitalised within the appropriate class of property, plant and equipment and subjected to the applicable depreciation rate in the year they are used.

3. Significant accounting policies (cont'd)

.7 Property, Plant and equipment (cont'd)

Land is not depreciated by the Company. Depreciation of other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	Useful life Years
Buildings	60
Transmission lines	40
Plant and Machinery	60
Motor Vehicles	5
Furniture, fittings and equipment	10
Communication equipment	10

Depreciation starts when assets are available for use. The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate.

Property, plant and equipment 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 the estimated selling price in the ordinary course of business less costs to sell and value in use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and taken into account in determining operating profit. These gains or losses are recognised within "other income or loss" in profit or loss.

.8 Impairment of Non-financial Assets

Non- financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized 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 carried at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

.9 Current and Deferred Taxation

a) Current Tax

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

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

3. Significant accounting policies (cont'd)

.9 Current and Deferred Taxation (cont'd)

b) Deferred Tax

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses.

The cost of finished goods and work in progress is determined using the weighted average method and comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity), incurred in bringing inventory to its present location and condition but excludes borrowing costs.

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

.11 Borrowings

Borrowings are recognized initially at fair value, as the proceeds received, net of any transaction cost incurred. Borrowings are subsequently recorded at amortized cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted in profit or loss using the effective interest method and are added to the carrying amount of the instrument to the extent they are not settled in the period in which they arise.

.12 Payables

Payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Payables are recognised initially at fair value and re-measured annually where they are denominated in foreign currencies.

.13 Share Capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity.

.14 Capital Contribution

Capital contributions relate to contributions from the owners of the Company, in this case, the Federal Government of Nigeria. In their capacity as owners of the entity, these inflows are distinguished from transfers that arise from trading activities in the normal course of business. These capital contributions are non-reciprocal in nature (i.e. without a contractual obligation to repay it) and have been accounted for as an equity transaction and presented in the statement of changes in equity as a transaction with owners in their capacity as owners. In addition, day-1 gains/losses on Federal Government of Nigeria loans are recognised as capital contribution from the Federal Government of Nigeria.

3. Significant accounting policies (cont'd)

.15 Going Concern assessment

In preparation of financial statements, management makes an assessment of the Company's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the Company or cease operations, or has no realistic alternative but to do so. This assessment is usually expected to span at least a period of 12 months after the end of the reporting period.

.16 Comparatives

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

4. Critical accounting estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included together with information about the basis of calculation for each affected line item in the financial statements.

a) Impairment assessment of financial assets
Management assesses trade receivable balances for objective evidence of impairment based on the
- Trade receivables that have exceeded the credit limit days.
- Trade receivables that have exceeded the credit limit amounts
- Trade receivables with existing legal litigations
- Past relationship with customer

For the receivable balances that possess the above stated impairment triggers, the following are performed:

b) Impairment of non-financial asset

The Company assesses at the end of the reporting period if there is any objective evidence that an asset or a Company of assets is impaired. The following instances may give rise to an impairment:
- A decline in the asset's market value that is significantly greater than would be expected
- Significant adverse changes that have taken place or are expected in the near future technological, market, economic or legal environment in which the entity operates.
- Increases in interest rates or other market rates of return that may materially affect the discount rate used in calculating the asset's recoverable amount.
- Obsolescence or physical damage affecting the asset.
- Deterioration in the expected level of the asset's performance.
- Management's own forecasts of future net cash inflows or operating profits may show a significant decline from previous budgets and forecasts.

4. Critical accounting estimates, judgements and errors (Cont'd)

c) Income and deferred tax

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

d) Borrowings

The Company is required to prepare an amortisation schedule which details the fair value of the loans till date in accordance with IFRS. Each cummulative draw down of the undisbursed loan amount has been deemed to have occurred on 1 January of that same year for the purpose of determining cash flows in the amortisation table.

e) Capital Contribution

Capital contributions include day-1 gains/losses on loan facilities obtained from the owners (who in this case is the Federal Government of Nigeria, being represented by the Ministry of Finance Incorporated and the Bureau of Public Enterprises), considering that the government is the equity holder of the Company, all day-1 gain/loss on loan valuations are accounted for as a capital transactions and such gains/losses accounted for in equity as part of capital contributions.

		2018 N '000	2017 N '000
5.	***Revenue***		
	Transmission Service Provider (TSP)	98,781,823	90,564,593
	System Operator (SO)	10,409,882	9,482,029
	Market Operator (MO)	674,405	674,512
		109,866,110	**100,721,134**

Recognised revenue relates to the value of energy wheeled and delivered by the company to various trading points within the Nigerian Electricity Supply Industry (NESI). This is arrived at after appropriate measurement of the delivered energy and reconciliation between the company and the Operators of Nigerian Electricity Market (ONEM) together with the application of the Transmission Multi Year Tariff Order 2015, effective 1 February 2016.

		2018 N '000	2017 N '000
6.	***Cost of sales***		
	Repairs and maintenance of technical assets	4,287,841	4,033,248
	Depreciation and Amortisation on technical assets	11,148,375	10,898,228
	Other Operating Cost	-	311,630
		15,436,216	**15,243,106**

.1 Cost of sales comprise of NGN3.045 Billion and NGN407.29 Million incurred by TSP and SO respectively on network infrstructure maintenance during the period.

		2018 N '000	2017 N '000
7.	***Other income***		
	Non Operating Income	1,704,685	1,727,299
	Other income (cash at PMU account)	1,450,645	-
		3,155,330	**1,727,299**

Included in other income are rental income from the company's service lines.

		2018	2017
8.	***Administrative Cost***	**N '000**	**N '000**
	Salaries and wages	20,705,584	19,298,376
	Lodging and accommodation	930,290	1,034,783
	Rent expenses	73,690	67,322
	Transport and travelling expenses	4,214,410	879,122
	Vehicles running and maintenance	2,489,615	651,263
	Subscription and fees	98,184	547,882
	Other administrative expenses	4,917,679	5,185,062
	Legal and consultancy fees	89,027	215,926
	Audit fees	19,950	19,950
	Impairment of trade and other receivables	49,911,682	64,265,861
	Depreciation on administrative assets	655,422	683,626
	Technical Services Fee	-	835,457
		84,105,533	**93,684,630**
9.	***Bought in Material and Services***		
	Operating cost	14,568,107	15,243,106
	Administrative expenses	84,105,533	93,684,630
	Salaries and wages	(20,705,584)	(19,298,376)
	Depreciation	(11,784,900)	(11,582,459)
		66,183,156	**78,046,901**
10.	***Net finance cost***		
.1	**Investment income**		
	Interest and similar income	519,047	4,226
	Other gains	(68,705)	-
		450,342	4,226
.2	**Finance cost**		
	Interest expense	-	-
	Other finance cost (Note 10a)	821,150	21,374,919
		821,150	21,374,919
	Net finance cost	**370,808**	**(21,370,693)**

a. Finance cost represents effective interest on USD denominated fair value of the NEGIP and Eurobond loan balances with the carrying amount of the loans in the accounts. See Note 22.

	2018 N '000	2017 N '000
11. Profit /(loss) before taxation		
Loss before taxation is arrived at after charging/(crediting):		
Audit fee	19,950	19,950
Depreciation of property, plant and equipment;		
Charged on Technical Assets	11,148,375	10,898,228
Charged on Administrative Assets	655,422	683,626
Interest payable and similar charges	-	-

12. Related party transactions

The Company enters into transactions with companies and entities that fall within the definition of a related party as contained in International Financial Reporting Standards - IAS 24: Related Party Disclosures. Related parties comprise companies under common ownership and/or common management and control and key management personnel.

The following transactions were carried out with related parties during the year:

	Relationship	2018 N'000	2017 N'000
.1 Capital contribution			
Federal Government of Nigeria	Shareholder	**24,405,831**	**16,643,750**
.2 Non current loan			
Federal Government of Nigeria (Note 22)	Shareholder	**117,112,923**	**105,904,271**
.3 Other transactions with related parties during the year were:			
Cash contributed by Federal Government of Nigeria		24,405,831	16,643,750
Fair value gains on loan amortisation		-	-
		24,405,831	**16,643,750**

13. Compensation of personnel

Compensation of key management personnel:
The remuneration of the Directors, who are the key management personnel of the company, is set out below in aggregate for each of the categories specified in International Financial Reporting Standards - IAS 24: Related Party Disclosures.

	2018 N'000	2017 N'000
The remuneration of executive management team was as		
Short-term benefits	**51,487**	**51,487**
The remuneration of Directors during the year was as follows:		
Short-term benefits	**-**	**-**

No other Director received emoluments during the year.

13. Compensation of personnel (continued)

.2 Employees remunerated at higher rates

The number of employees excluding directors, whose emoluments other than allowances are within the following ranges were:

	2018 Number	2017 Number
Up to N1,000,000	63	164
N1,000,001 - N3,000,000	2701	1309
N3,000,001 - N6,000,000	279	1570
Above 6,000,000	901	869
	3944	**3912**

.3 *Number of employees by category were :*

	2018 Number	2017 Number
Managerial	273	311
Senior staff	2772	2583
Junior staff	899	1018
	3944	**3912**

.4 Staff turnover

	2018 Number	2017 Number
Newly employed		
Managerial	1	1
Senior staff	-	6
Junior staff	18	14
	19	**21**
Exited staff		
Managerial	37	62
Senior staff	131	97
Junior staff	32	32
	200	**191**

.5 Staff costs excluding the Directors:-

	N'000	**N'000**
Salaries and wages	19,402,065	17,859,135
Pension	1,303,549	1,409,180
	20,705,614	**19,268,315**

TRANSMISSION COMPANY OF NIGERIA PLC

NOTES TO THE FINANCIAL STATEMENT

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14. Property, plant and equipment

The movement on this account during the year was as follows:

	Land N'000	Building N'000	Transmission Lines N'000	Plant and Machinery N'000	Motor Vehicles N'000	Furniture, Fittings and Equipments N'000	Communication Equipment N'000	Capital Work in Progress N'000	Total N'000
Cost:									
At 1 January 2017	31,263,767	9,618,508	389,264,104	171,960,860	2,922,598	2,233,476	3,635,466	121,797,794	732,696,573
Additions	-	1,996,986	-	131,954	93,790	129,576	97,397	21,513,940	23,963,643
Reclassifications (Note 14.1)	-	15,501	-	-	-	-	25,050	(40,551)	-
Adjustment (Note 14.2)	-	-	-	-	-	-	-	(10,500,143)	(10,500,143)
At 31 December 2017	**31,263,767**	**11,630,995**	**389,264,104**	**172,092,814**	**3,016,388**	**2,363,052**	**3,757,913**	**132,771,040**	**746,160,073**
At 1 January 2018	31,263,767	11,630,995	389,264,104	172,092,814	3,016,388	2,363,052	3,757,913	132,771,040	746,160,073
Additions	-	845,351	1,244,895	8,448,289	37,631	259,348	42,712	11,975,714	22,853,940
Reclassifications (Note 14.1)	-	-	-	-	-	-	-	-	
Adjustment (Note 14.2)	-	-	-	-	-	-	-	-	
At 31 December 2018	**31,263,767**	**12,476,346**	**390,508,999**	**180,541,103**	**3,054,019**	**2,622,400**	**3,800,625**	**144,746,754**	**769,014,013**
Depreciation:									
At 1 January 2017	-	5,052,406	164,560,635	23,376,561	1,197,457	825,522	2,757,313	-	197,769,894
Charge for the year	-	193,791	9,731,603	972,834	452,276	76,675	155,280	-	11,582,459
At 31 December 2017	**-**	**5,246,197**	**174,292,238**	**24,349,395**	**1,649,733**	**902,197**	**2,912,593**	**-**	**209,352,353**
At 1 January 2018	-	5,246,197	174,292,238	24,349,395	1,649,733	902,197	2,912,593	-	209,352,353
Charge for the year	-	238,437	9,782,764	1,108,881	411,208	95,282	148,328	-	11,784,900
At 31 December 2018	**-**	**5,484,634**	**184,075,002**	**25,458,276**	**2,060,941**	**997,479**	**3,060,921**	**-**	**221,137,253**
Carrying amount:									
At 31 December 2017	**31,263,767**	**6,384,798**	**214,971,866**	**147,743,419**	**1,366,655**	**1,460,855**	**845,320**	**132,771,040**	**536,807,720**
At 31 December 2018	**31,263,767**	**6,991,712**	**206,433,997**	**155,082,826**	**993,078**	**1,624,921**	**739,704**	**144,746,754**	**547,876,760**

.1 This relates to the value of completed assets ready and available for use as at 31 December 2018.

.2 This represents part of the items of Property, Plant and Equipment derecognised during the year. See note 21.1

15. Intangible Asset

.1 The movement on this account during the year was as follows:

	Computer software licences	Total
Cost:		
At 1 January 2017	-	-
Additions	-	-
At 31 December 2017	-	-
At 1 January 2018	-	-
Additions	18,293	18,293
At 31 December 2018	18,293	18,293
Amortisation:		
At 1 January 2017	-	-
Charge for the year	-	-
At 31 December 2017	-	-
At 1 January 2018	-	-
Charge for the year	18,293	18,293
At 31 December 2018	18,293	18,293
Carrying amount:		
At 31 December 2017	-	-
At 31 December 2018	-	-

Amortisation of Intangible Assets is included as part of Administrative expenses. The software price is due annually.

.2 During the year the company invested in a new digital communication equipment to upgrade the existing analogue system at the based station.

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		2018 N'000	2017 N'000
16.	***Inventories***		
	Stock of Cables and Conductors	454,297	451,579
	Transmission materials	9,340,838	9,691,049
	Stationery	125,436	119,373
	Gross value of inventory	9,920,571	10,262,001
	Provision for Obsolete Stock	(2,401,574)	(2,401,575)
		7,518,997	**7,860,426**
17.	***Trade and other receivables***		
	Trade receivables	241,525,253	197,454,794
	Impairment on trade receivables using ECL Model	(222,504,703)	(178,894,602)
	Net trade recievable	19,020,550	18,560,192
.1	Other receivables	23,907,942	12,619,980
	Impairment on other receivables	(9,305,157)	(9,305,157)
		14,602,785	3,314,823
	Net trade and other receivable	**33,623,335**	**21,875,015**
.2	*Movement in trade receivable*		
	Balance at 1 January	197,454,794	138,855,588
	Current trade receivable	44,106,461	58,599,206
	Impairment on trade receivables using ECL Model	(222,504,703)	(178,894,602)
	Balance at 31 December	**19,056,552**	**18,560,192**
	Movement in ECL impairment on Trade receivables;		
	Balance at 1 January	178,894,602	114,628,740
	Additions to Impairment losses (Note 33.4)	49,911,681	64,265,862
	Effect of IFRS 9 Impairment allowance as at 1 January 2018 (Note 33.3)	(6,301,580)	-
	Balance at 31 December	**222,504,703**	**178,894,602**

On adoption of IFRS 9, the company has computed its impairment provision in line with the ECL model and has made desclosure in Note 34.1 the impaired of trade receivables amounting to as at 31 December 2018: N222.5 billion (31 December 2017: N172.894 billion). The impairment recognised represents the difference between the carrying amount of these trade receivables and the present value of the expected proceeds. The company does not hold any collateral over these balances.

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		2018 N'000	2017 N'000
18.	***Prepayments***		
	Contractors advances	18,757,242	16,703,108
	Unutilised Letter of Credit	36,651,670	32,574,161
		55,408,912	**49,277,268**
	Impairment provision on other assets	-	-
		55,408,912	**49,277,268**

This represents payments made in advance to various providers of goods and services, the consideration of which were yet to be received and/or enjoyed by the Company as at the reporting date.

		2018 N'000	2017 N'000
19.	***Taxation***		
	Income taxes relating to continuing operation		
.1	**Income tax recognised in profit or loss**		
	Current tax		
	Corporate tax (Minimum tax)	1,357,482	553,291
	Education tax	150,429	3,413
		1,507,911	556,704
	Deferred taxation		
	Deferred tax expense recognised in the current year	6,911,390	(130,592,116)
	Adjustments recognised in the current year in relation to prior years	-	**(21,667,237)**
	Total income tax expense recognised in current year	**8,419,301**	**(151,702,649)**

The income tax expense for the year can be reconciled to the accounting profit as follows:

	2018 N'000	2017 N'000
Loss before tax	13,108,882	(27,849,996)
Expected income tax expense calculated at 30% (2017: 30%)	-	-
Education tax expense calculated at 2% (2017: 2%) of assessable profit	150,429	3,413
Effect of income that is exempted from taxation	-	-
Effect of expenses that are not deductible in determining taxable profit	11,803,193	28,020,665
Effect of minimum tax	1,357,482	553,291.00
Effect of relief tax losses	(12,748,324)	(170,669.00)
Effect of restatement of prior year balance	-	-
Effect of adjustment to prior years tax provision	-	(21,667,237)
Effect of recognised temporary difference	(3,744,451)	(130,592,116)
Income tax expenses recognised in comprehensive income	**9,927,212**	**(151,702,649)**

The tax rate used for 2018 and 2017 reconciliation above is the company income tax rate of 30% based on the provisions of the Companies Income Tax Act, CAP C21, LFN 2004, as amended. The rate of 2% for education tax is based on the provisions of the Education Tax Act, CAP E4, LFN 2004.

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19. Taxation (Cont'd)

	2018 N'000	2017 N'000
.2 Current tax liabilities		
Balance at 1 January	573,562	21,684,095
Income tax expense recognised in current year	1,507,911	556,704
Adjustments in the current year in relation to prior years	-	(21,667,237)
	2,081,473	573,562
Payments during the year	-	-
Balance at 31 December	**2,081,473**	**573,562**

.3 Deferred tax (assets)/ liabilities

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax assets offset presented in the Statement of Financial Position:

31 December 2018	Opening balance N'000	Recognised in profit or loss N'000	Recognised in other comprehensive income N'000	closing balance N'000
Deferred tax in relation to:				
Property, plant and equipment	110,091,979	(1,003,920)	-	109,088,059
Unrealised foreign exchange differences	(5,261,137)	5,261,137	-	-
Unrelieved losses	(3,177,219)	3,177,219	-	-
Provisions-Assets	(25,115,643)	-	-	(25,115,643)
Utitlised against current income tax	(134,844,595)	(523,046)	-	(135,367,641)
	(58,306,615)	**6,911,390**	**-**	**(51,395,225)**

31 December 2017	Opening balance N'000	Recognised in profit or loss N'000	Recognised in other comprehensive income N'000	closing blance N'000
Deferred tax in relation to:				
Property, plant and equipment	113,663,211	(3,571,232)	-	110,091,979
Unrealised foreign exchange differences	(1,677,852)	(3,583,285)	-	(5,261,137)
Unrelieved losses	-	(3,177,219)	-	(3,177,219)
Provisions-Assets	(39,699,858)	14,584,215	-	(25,115,643)
Utitlised against current income tax	-	(134,844,595)	-	(134,844,595)
	72,285,501	**(130,592,116)**	**-**	**(58,306,615)**

Movement at a glance	2018 N'000	2017 N'000
Deferred liabilities		
Balance at 1 January	72,285,500	72,285,500
Recognised in profit or loss	(130,592,116)	(130,592,116)
Recognised in other comprehensive income	-	-
Balance at 31 December	**(58,306,615)**	**(58,306,616)**

	2018	2017
20. **Cash and cash equivalents**	**N'000**	**N'000**
.1 *Cash and bank balances*		
Cash at bank	104,955,700	77,748,777
Cash in hand	-	-
	104,955,700	**77,748,777**

Included in cash and bank balance as at 31 December 2018 is the sum of N23.9 Billion (2017: N17.175 Billion) designated as sinking fund provision in the Eurobond indentures requiring TCN to put money aside to repay bondholders at maturity, the sinking fund account is kept at Central Bank of Nigeria (CBN). Also included in cash balance is 2018: N79.199 Billion (2017: N58. 094 Billion) committed for various projects which has not fallen due as at the reporting date.

The carrying amount of these assets are approximately equal to their fair value.

21. Ordinary share capital

	2018	2017
Authorised, issued and fully paid		
10,000,000 ordinary shares at 50 kobo each	**5,000**	**5,000**

22. Capital contribution

	2018	2017
Movement in capital contribution can be summarised as follows;		
Balance at 1 January	241,982,781	259,652,514
Addititional capital contribution- Federal government of Nigeria	24,405,831	16,643,750
		276,296,264
	266,388,612	276,296,264
Adjustment (Note 21.1 and 2.2)	-	(34,313,483)
Balance at 31 December	**266,388,612**	**241,982,781**

.1 Included in this figure is the sum of 2018: NIL (2017: N22.681) Billion which relates to the derecognition of the value of Distribution and Generation assets included in the Nigerian Electricity and Gas Inmprovement Project (NEGIP) of the Federal Government of Nigeria. The assets are currently under the control of the Distribution and Generation companies. TCN has no claim or legal title to hold these assets.

.2 Included in the total adjustment in capital contribution is the sum of (2017: N11.632) Billion which relates in part to the IFRS Day 1 fair value gain on NETDP and NEDP which has been derecognised, see Note 34.2. Also included is the reduction in IFRS Day 1 gain in the NEGIP facilities as a result of changes in the basis of computation.

23. Borrowings

	2018	2017
Foreign borrowings	**117,112,923**	**105,904,271**
Local borrowings	-	-
Total borrowings	**117,112,923**	**105,904,271**

.1 Included in borrowings are;

A 40 year World bank loan - Nigeria Electricity and Gas Improvement Project USD300 million. Total draw down as at 2018: USD273.98 million (2017: USD245.88 million) and first drawn down in year 2010. Interest is at zero percent.

A 9.5 year Eurobond term loan obtained by Federal Government of Nigeria on behalf of TCN. The loan amount is USD135.5 million at 6.625 interest rate. Loan was received in 2014.

23. 1 Borrowings (cont'd)

The loans are US Dollars denominated and has been valued at amortized cost, using effective interest rates. The below - market rate of interest gain has been recognised

The total loan disbursed as at 31 December 2018 was USD 28.1 million (2017

	2018 N'000	2017 N'000
23. Borrowings (continued)		
.2 *Movement during the year:*		
1 January	105,904,271	49,969,178
Addition during the year	11,208,652	19,613,406
Payment during the year	-	-
Adjustment restate the fair value of loan facilities	-	36,321,687
31 December	117,112,923	105,904,271

24. Retirement benefit obligations

.1 Defined contribution plan - Pension

The employees of the Company are members of a state arranged pension scheme (Pension Reform Act, 2014) which is managed by several licensed Pension Fund Administrators (PFA). The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the defined contribution plan is to make the specified contributions and remit to respective PFA nominated by each employee.

	2018 N'000	2017 N'000
25. Trade and other payables		
Trade payables	11,424,402	**11,178,313**
Accruals and other payables (Note 34.2)	2,960,833	**2,345,241**
	14,385,236	**13,523,554**

Items of trade payables represent obligations to contractors for supplies and services delivered to the company during the year, for which payments are yet to be made as at the reporting date.

26. Contingent liabilities

There were no contingent liabilities as at 31st December 2018 (2017: Nil).

27. Capital commitment

There were no capital commitments as at 31st December 2018 (2017: Nil).

28. Events after the reporting period

There were no events after the reporting date that could have had a material effect on the financial statements of the Company that have not been adequately provided for or disclosed in the financial statements.

29. Approval of financial statements

The financial statements were approved by the board of directors and authorised for issue on 9 October 2019.

30. Capital management

The Company manages its capital to ensure that it will continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remained unchanged.

30. Capital management (continued)

The capital structure of the Company consists of equity, comprising issued ordinary share capital, capital contribution by owners and retained earnings as disclosed in the relevant notes to the financial statements.

The Company is not subject to any externally imposed capital requirements.

The management of the Company reviews the capital structure on a frequent basis to ensure that debt to equity balance is within acceptable limit. The overall objective of capital management is to reduce debt to equity ratio to the barest minimum.

Debt to equity ratio
The Company debt to equity ratio at the end of the reporting period:

	2018 N'000	2017 N'000
Debt	117,112,923	120,001,387
Cash and bank balance	(104,955,700)	(77,748,777)
Net debt (i)	**12,157,223**	**42,252,610**
Equity (ii)	**667,199,297**	**631,874,435**
Net debt to equity ratio	**0.02**	**0.07**

ii. Equity includes all capital and reserves of the Company that are managed as capital.

31. Categories of financial instruments

31-Dec-18	**Loans and receivables N'000**	**Available for sale N'000**	**Other financial N'000**	**Total N'000**
Financial Assets				
Cash and bank balance	104,955,700	-	-	104,955,700
Current accounts receivable	33,623,335	-	-	33,623,335
	138,579,035	**-**	**-**	**138,579,035**

	Amortised cost	**Other financial liabilities**	**Total**
Financial Liabilities			
Borrowings	117,112,923	-	117,112,923
Trade and other payables	14,385,236	-	14,385,236
	131,498,159	**-**	**131,498,159**

31-Dec-17	**Loans and receivables N'000**	**Available for sale N'000**	**Other financial assets N'000**	**Total N'000**
Financial Assets				
Cash and bank balance	77,748,777	-		77,748,777
Trade and other receivables	19,745,197	-		19,745,197
	97,493,974	**-**		**97,493,974**

31. Categories of financial instruments (continued)

	Amortised cost N'000	Other financial liabilities N'000	Total N'000
Financial Liabilities			
Borrowings	117,112,923		117,112,923
Trade and other payables	14,385,236		14,385,236
	131,498,159	**-**	**131,498,159**

32. Risk management

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

- Market
- Liquidity risk
- Credit

This note presents information about the Company's exposure to the above risks, the Company's objectives, policies and procedures for measuring and managing risk, and the Company's management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework, including implementation and monitoring of these policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits, controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

.1 *Market risk*

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company undertakes transactions denominated in foreign currencies and is exposed to interest rate risk because it borrows funds at fixed and floating interest rates; consequently, exposures to exchange rate fluctuations arise.

The Company is exposed to currency risk, the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates.

The Company monitors the movement in the currency rates on an ongoing daily basis. The company ensures that the movements in the exchange rates do not adversely affect the company's income or value of its holdings of financial instruments.

32. ***Risk management (contd)***

.1.1 ***Exposure to market risk***

.1.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates

As at the reporting date, the company had no interest bearing financial instruments that are subject to fluctuations.

Sensitivity analysis
An increase of 300 basis points in interest rates at the reporting date would have increased the profit by the amounts shown below. This analysis assumes that the other variables remain constant.

Effect	**2018 N'000**	**2017 N'000**
Interest	**-**	**-**

A decrease of 300 basis points in interest rates at the reporting date would have the equal opposite effect, on the basis that all other variables remain constant.

.1.1.2 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its cash position and future outflows on an ongoing, daily basis and ensures that it has sufficient cash on demand to meet expected operational expenses and liabilities as they fall due.The Company also manage liquidity risk by maintaining adequate reserves, banking facilities and accepting capital contributions from related parties, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Exposure to liquidity risk

31 December 2018	**Carrying amount**	**Contractual cashflows**	**6 months or less**	**6 – 12 Months**	**Above 12 months**
Non-derivative financial liabilities					
Trade payable (Note 26)	13,523,554	13,523,554	-	-	-
	13,523,554	**13,523,554**	**-**	**-**	**-**

32. ***Risk management (contd)***

.1.1 Exposure to liquidity risk (continued)

31 December 2017	Carrying amount N'000	Contractual cashflows N'000	5 months or less N'000	6 – 12 Months N'000	Above 12 months N'000
Non-derivative financial liabilities					
Trade payable (Note 26)	13,523,554	13,523,554			
	13,523,554	**13,523,554**	**-**	**-**	**-**

1.1.3 Credit risk

Credit risk is the risk of financial loss to the company if a customer fails to meet its contractual obligations that arises principally from the Company’s receivables from customers.

The Company’s principal exposure to credit risk is in its trade and other receivables. Trade receivables principally represent amounts owing to the Company by their customers

1.1.4 Exposure to credit risk

The carrying value of the Company’s financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	2018 N'000	2017 N'000
Trade receivables	241,525,253	197,454,794
Other receivables	23,907,942	10,490,161
Bank deposits	104,955,700	77,748,777
	370,388,895	**285,693,733**
The maximum exposure to credit risk for trade receivables at the reporting date by type of receivables was:		
Receivable from Operators of Nigerian Electricity Market	241,525,253	146,530,300
Receivables from other customers	23,907,942	-
	265,433,196	**146,530,300**

33. Changes in significant accounting policies

The company has initially applied IFRS 15 (seeA) and IFRS 9 (see B) from January 2018. A number of other new standsrds are also effective from 1 january 2018 but they do not have a material effect on the company's financial statements.

Due to the transition methods chosen by the company in applying these standards,comparative information throughout these financial statements has not been restarted to reflect the requirements of the new standards.

The effect of initially applying these standards is mainly attribured to the following:

.1 **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18,Revenue, IAS 11 Construction contact and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgment.

The company has adopted IFRS 15 using cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e January 2018). Accordingly, the information presented for 2017 has not been restated - i.e. it is presented as previously reported, under IAS 18 and IAS 11 and related interpretations. Additionaly, the disclosure requirements in IFRS 15 has not generally been applied to comparative information.

There was no impact with the implementation of IFRS 15 on the activities of TCN.

34. *Implementation of IFRS 9*

.1.1 Expected credit loss assessment for customers as at 1 January and 31 December 2018

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values:

The company uses an allowance matrix to measure the expected credit loss (ECLs) of Trade receivables. Loss rate are based on actual credit loss experience over the past three years. The table below provides information about the exposure to credit risk and ECLs for Trade receivables 1 January and 31 December 2018

.1.2		**Gross carrying amount**	Weighted Average loss rate	Lifetime ECL
	31 December 2017			
	0-30 days	9,753,280	50.37%	4,912,602
	31-60 days	9,084,080	54.63%	4,963,006
	61-90 days	8,954,674	56.72%	5,079,521
	91-180 days	23,551,514	59.05%	13,906,504
	181-360days	7,255,659	67.20%	4,875,801
	> 360 days	138,855,587	100.00%	138,855,587
		197,454,794		**172,593,022**
	31 December 2018			
	0-30 days	10,243,780	51.22%	5,246,923
	31-60 days	9,725,887	52.69%	5,124,728
	61-90 days	9,183,517	56.42%	5,181,400
	91-180 days	14,102,286	59.86%	8,441,833
	181-360days	1,434,228	73.55%	1,054,869
	> 360 days	196,835,555	100.00%	196,835,555
		241,525,253		**221,885,308**

1.3 Impact on reserves

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non- financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

	01-Jan-18
	N'000
Retained earnings	
Recognition of expected credit losses under IFRS 9	**6,301,580**
Related Tax	-
Impact at 1 january 2018	6,301,580

1.4 Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amotised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under ifrs 9 are generally based on the business model in which a financial asset is managed and its cobtractual cash flow characteristices. IFRS 9, eliminates the previous IAS 39 chategories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embeded in contracts were the host is a financial asset in the scope of the standard are never seperated. Insted, thhe hybrid financial instrument as a whole is assessed fror classification.

The adoption of IFRS 9 has not had a significat effect on the company's accounting policies related to financial liabilities and derivative financial instruments. For an explanation on how the company classifies amd measures financial instruments and accounts for related gains and losses under IFRS 9, See Note 33.1.2

34. ***Implementation of IFRS 9 (contd)***

The effect of adopting IFRS 9, on the carring amounts of financial assets at 1 january 2018 relates solely to the new impairment requirements.The following bable summazises the impact, net of tax, of transaction to IFRS 9 on the opening balance of reserves and retained earnings.

1.5	**Notes**	**Original classificattion under IFRS 39**	**New classification under IFRS 9**	**Original carring amount under IAS 39**	**New carring amount under IFRS 9**
Financial assets					
Trade and other receivables	17.	Loans and receivables	Amortised cost	18,560,192	24,861,772
Cash and cash equivalent	20.	Loans and receivables	Amortised cost	77,748,777	77,748,777
Total financial assets				96,308,969	102,610,549
Financial liabilities					
Financial liabilities- Loans		Other financial liabilities	Other financial liabilities	105,904,271	105,904,271
Other Financial liabilities		Other financial liabilities	Other financial liabilities	13,523,554	13,523,554
				119,427,825	**119,427,825**

.1. 6 Impact on reserves

Trade and other receivables that were classified as loan and receivables under IAS 39 are now classified at amortised cost. A decrease of NGN6.3 billion in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 january 2018 on transaction to IFRS 9.

.1. 7 Assets	**IAS 39 carring amount at 31 December 2017**	**Reclassification**	**Remeasurement**	**IFRS 9 carring amount at 1 January 2018**
	N'000			**N'000**
Cash and cash equivalent	-	-	-	-
Brought forward: Loans and receivables	12,619,980	(12,619,980.00)	-	-
Remeasurement	-	-	-	-
Carried forward: Amortised cost		12,619,980	-	12,619,980
Trade and other receivables			-	-
Brought forward: Loans and receivables	197,454,794	(197,454,794)	-	-
Remeasurement	-	-	-	-
Carried forward: Amortised cost	-	197,454,794	-	197,454,794
Impairment allowance as at 31 Decemebr 2017 based on IAS 39	(188,199,759) -	188,199,759 -	(6,301,580) -	(6,301,580) -
Impairment allowance as at 31 Decemebr 2017 based on IFRS	- -	- -	(175,596,599) -	(175,596,599) -
	21,875,015	188,199,759	(181,898,179)	28,176,595

35. ***Segment reporting***

Nigeria is the Company's primary geographical segment as all the Company's income is derived in Nigeria. In addition, all of the Company's income comprise income from transmission of electricity from the electricity Generation Companies to the various electricity trading points in the Nigerian Electricity Supply Industry (NESI). This is in accordance with the provision of Electric Power Sector Reform Act 2005 and its licensing agreement with Nigerian Electricity Regulatory Commission (NERC). The company presents no further business or geographical segment information.

OTHER NATIONAL DISCLOSURES

TRANSMISSION COMPANY OF NIGERIA PLC

VALUE ADDED STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018

	2018 N'000	%	2017 N'000	%
Revenue	100,721,135		100,721,135	
Other Income	1,727,299		1,727,299	
	102,448,434		102,448,434	
Bought-in materials and services	(66,183,158)		(78,046,903)	
Value Added	**36,265,276**	**100**	**24,401,531**	**100**
Applied as follows:				
To Pay employees:				
Salaries and other staff cost	19,298,376	53	19,298,376	79
To Pay Finance Cost:				
Net finance cost	21,370,693	59	21,370,693	88
To pay Government				
Taxation	(151,702,649)	(418)	(151,702,649)	(622)
To be retained in the business for expansion and future wealth creation:				
Depreciation and amortisation	11,784,900	32	-	-
Adjustment	-	-	-	-
Profit/(loss) for the year	123,852,652	342	123,852,652	508
	24,603,972	**68**	**12,819,071**	**53**

Value added represents the additional wealth created by the Company through its own and employees' efforts. This statement shows the allocation of that wealth among employees, government and that retained in the business for future wealth creation.

TRANSMISSION COMPANY OF NIGERIA PLC

FINANCIAL SUMMARY
FOR THE YEAR ENDED 31 DECEMBER 2018

31 DECEMBER	**2018**	**2017**	**2016**	**2015**	**2014**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
ASSETS EMPLOYED					
Non current assets	599,271,985	595,114,335	534,926,680	521,781,563	514,878,247
Current assets	201,506,944	156,761,487	152,499,167	113,351,616	111,879,196
Non current liabilities	(117,112,923)	(105,904,271)	(122,254,678)	(59,430,014)	(46,799,326)
Current liabilities	(16,466,709)	(14,097,116)	(39,497,350)	(33,417,692)	(37,753,146)
Net assets	**667,199,297**	**631,874,435**	**525,673,819**	**542,285,473**	**542,204,971**
CAPITAL EMPLOYED					
Ordinary share capital	5,000	5,000	5,000	5,000	5,000
Capital contribution	266,388,612	241,982,781	259,652,514	227,436,094	218,165,924
Revaluation reserve	413,932,481	413,932,481	413,932,481	-	-
Retained Earnings	(13,126,796)	(24,045,827)	(147,916,176)	314,844,379	324,034,047
Total equity	**667,199,297**	**631,874,435**	**525,673,819**	**542,285,473**	**542,204,971**
TURNOVER AND PROFIT					
Revenue	109,866,110	100,721,134	83,554,144	72,792,084	50,365,852
Loss before income tax	13,108,882	(27,849,996)	(16,064,008)	(12,049,694)	(28,937,984)
Income tax expenses	151,702,649	151,702,649	(85,205,343)	2,860,026	(2,798,498)
Profit/(loss) for the year	164,811,531	123,852,653	(101,269,351)	(9,189,668)	(31,736,482)
Other comprehensive income	17,696	(104,652)	-	-	-
Total comprehensive profit/(loss)	164,829,227	123,748,001	(101,269,351)	(9,189,668)	(31,736,482)
Per share data (Kobo)					
Profit /(loss) per share	46,209	1,238,703	(1,013,740)	(91,897)	(317,365)
Net assets per share	66,719,930	6,318,744	5,256,738	5,422,855	5,422,050

NOTES

Basic earnings per share are calculated based on the profit after taxation and the number of issued and fully paid ordinary shares at the end of each financial year.

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