



**NIGERIAN
COMMUNICATIONS
SATELLITE LIMITED**

Financial Statements for the
Year Ended 31 December 2024

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

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NIGERIAN COMMUNICATIONS SATELLITE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

CORPORATE INFORMATION

Board of Directors*

** On 19 June 2023, the President - Bola Ahmed Tinubu approved the immediate dissolution of the governing boards of all Federal Government Parastatals, Agencies and Government-owned companies. The Board is yet to be reconstituted.*

Current Executive Management Team

Jane Nkechi Egerton-Idehen	Managing Director/CEO
Abiodun Attah	Executive Director - Technical Services - Appointed 22 February 2024
Kingsley Udevbure Unuigbe	Company Secretary

Executive Management Team who served during the year

Prof. Abdu Ja'afaru Bambale	Executive Director – Technical - Up to 21 February 2024
Dr. Najeem Folasayo Salaam	Executive Director - Marketing and Business Dev. - Up to 21 February 2024
Hadi Mohammed	Executive Director – Finance and Administration - Up to 21 February 2024

Operational Offices

Headquarter	Olusegun Obasanjo Space Centre Along Umaru Musa Yar'Adua Expressway Lugbe, Abuja.
Lagos Regional Office	11, Obafemi Awolowo Road, Ikoyi, Lagos
Company Registration Number	6 4 9 7 3 3

Independent Auditors



Aminu Ibrahim & Co

Chartered Accountants
City Plaza, 3rd Floor, Suite 11B
Plot 596, Ahmadu Bello Way, Garki II, Abuja.
www.aminuibrahim.com.ng

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Financial Highlights

	2024 N	2023 N	Change %
Major items in Statement of Profit or loss account			
Personnel allocation	2,366,780,042	2,769,397,976	(14.54)
Overhead allocation	168,123,865	56,084,285	199.77
Internally generated revenue	2,447,420,953	2,215,942,684	10.45
Operating loss before depreciation and impairment charges	(2,945,009,094)	(2,731,237,966)	7.83
Loss for the year	(6,958,378,475)	(7,429,194,341)	(6.34)
Major items in Statement of Financial Position			
Trade and other receivables	259,702,834	208,118,843	24.79
Trade and other payables	7,176,216,102	4,505,069,635	59.29
Capital fund	35,854,136,587	31,979,027,088	12.12
Total assets	37,704,209,733	39,682,317,731	(4.98)
Share capital	10,000,000	10,000,000	-
Total equity	24,264,051,679	27,347,320,656	(11.27)

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

REPORT OF THE DIRECTORS

The Directors have the pleasure in submitting to the Members of the Company their report together with the audited financial statements of the Company for the year ended 31 December 2024.

Legal Status

The Company was incorporated on 4th day of April 2006, as a limited liability company under the Companies and Allied Matters Act (CAMA), CAP C20 Laws of the Federation of Nigeria (LFN) 2020. Its shares are held by the Ministry of Finance Incorporated (MOFI) (99.5%) and Federal Ministry of Communications and Digital Economy (0.5%) in trust for the Federal Government of Nigeria.

Principal Activities of the Company

The principal activities of the Company are: -

- i Operation of communications Satellite in respect of, but not limited to Telephony, Television, Radio broadcasting, Broadband, Internet services, Navigation, Global Positioning System or any other services or facilities of the like nature, together with transmitters, teleports, transponders, earth stations, terminals, antennas, and frequency bands.
- ii To complement the fibre / terrestrial networks in Nigeria for the deployment of broadband networks in the rural areas and other sector, for example security, education, and agriculture.
- iii To collaborate on Public Access Venues (PAV) deployment projects with other agencies of the Federal Ministry of Communication and Digital Economy.
- iv To complement Terrestrial cable and microwave deployment to meet the targets set out in the National broadband Plan.

Share Holding

The share capital of the Company is N10,000,000 divided into 10,000,000 ordinary shares of N1 each. The Ministry of Finance Incorporated (MOFI) holds 9,950,000 units (99.5%) while Federal Ministry of Communication and Digital Economy, holds 50,000 units (0.5%) of the share capital, in trust for the Federal Government of Nigeria.

Directors who served during the year

The list of Directors who served during the year is as given on page 3.

Operating Environment

The global economy is experiencing geo-political tensions, threats to globalisation and the multilateral economic system, broad-based and sharper than expected slow-down, with inflation rate higher than seen in several decades. The cost-of-living crisis, tightening financial conditions in most regions, Russia invasion of Ukraine, and the reappearance of the COVID-19 virus in China, United States and other advanced economies negatively impacted global economic growth.

The Nigerian economy continued on the path of uncertain recovery driven by the free float of the Naira and the removal of subsidy on fuel which has increased the inflationary pressures as inflation rises to about 29% in the last quarter of 2024. The expectation of improvement in the economy was high, as the various administration's reforms are expected to yield positive results. However the scourge of insecurity continued, and with modest stability of the exchange rate and slowing inflation rate, the economy is progressing on a cautious improvement.

The Company introduced several cost optimisation measures, aimed at re-engineering our processes to take advantage of new transformative business opportunities that became imperative.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024
REPORT OF THE DIRECTOR CONT'D

Result for the Year

	2024	2023
	N	N
Loss for the year	<u>(6,958,378,475)</u>	<u>(7,429,194,341)</u>

Preparation of Financial Statements

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company and of the loss for the year and comply with the provisions of the International Financial Reporting Standards (IFRS), Companies and Allied matters Act CAP C20 LFN 2020, the Financial Reporting Council of Nigeria Act 2011, and the financial policy of the Company.

Property, Plant and Equipment (PPE)

Movements in PPE during the year are shown in Note 14 on page 28. In the opinion of the Directors, the market value of the Company's PPE is not less than the value shown in the financial statements.

Employment

The Company does not discriminate in its employment, terms and conditions of service of its employees are guided by its employment procedures and approved staff regulations.

Employee Consultation and Training

The Company is committed to keeping employees as fully informed as possible regarding the Company's performance and progress and seeking their views whenever practicable on matters that particularly affect them as employees.

Management, professional and technical expertise are the Company's major assets and investments in their future development continued. The wide range of training provided for the employees has given them the opportunity for career development within the Company.

Events after the reporting period

There are no events after the reporting period which could have a material effect on the affairs of the Company as at 31 December 2024 which were not provided for.

Independent Auditors

The Auditor, Messrs. Aminu Ibrahim & Co. (Chartered Accountants), having satisfied the relevant corporate governance rules on their tenure in office, have expressed their willingness to continue in office as independent auditors to the Company in accordance with Section 401 (2) of the Companies and Allied Matters act CAP C20 LFN 2020.

By Order of the Board



.....
Kingsley Udevbure Unuigbe
Company Secretary
FRC/2023/PRO/ICSAN/002/840240

08 October 2025
ABUJA, NIGERIA.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF CORPORATE RESPONSIBILITY FOR FINANCIAL STATEMENTS

Certification pursuant to section 405 of the Companies and Allied Matters Act 2020

We, the undersigned hereby certify the following with regard to the audited financial statements for the year ended 31 December 2024, that:

- 1 We have reviewed the report and to the best of our knowledge, the report does not contain:
 - a Any untrue statement of a material fact, or
 - b Any omission of material fact, which would make the statements misleading in the light of the circumstances under which such statements were made.
- 2 To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial state and results of operations of the company as at 31 December 2024, and for the period presented in the report.
- 3 We are responsible for:
 - a The preparation of the annual financial statements that give a true and fair view in accordance with applicable regulations and standards.
 - b Establishing and maintaining adequate accounting records and internal controls as is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error.
 - c Evaluating the effectiveness of the company's internal controls within 90 days prior to the report;
 - d Presenting in the report our conclusions about the effectiveness of the company's internal control based on our evaluation as of that date.
- 4 We have disclosed to the auditors of the Company and Audit committee:
 - a All significant deficiencies in the design or operation of internal control which would adversely affect the company's ability to record, process, summarise and report financial data and have identified for the company's auditors any material weakness in internal controls, and
 - b Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls.
- 5 We 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.

Dated: 08 October 2025

.....
Abubakar Gwani

GM - Finance

FRC/2024/PRO/ANAN/001/158378

.....
Jane Nkechi Egerton-Idehen
Managing Director/CEO

FRC/2024/PRO/OTHERS/002/596165



**REPORT OF THE INDEPENDENT AUDITORS
TO THE MEMBERS OF THE NIGERIAN COMMUNICATIONS SATELLITE LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2024**

What we audited

We have audited the accompanying financial statements of the **Nigerian Communications Satellite Limited**, which comprise the Statement of Financial Position as at 31 December 2024, the Statement of Profit or Loss, Statement of Changes in Equity, and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of **Nigerian Communications Satellite Limited**, as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, the Companies and Allied Matters Act, 2020, the Financial Reporting Council of Nigeria Act 2011, and the financial policy of the Company.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company, in accordance with Code of Ethics for Professional Accountants issued by the Institute of Chartered Accountants of Nigeria, and we have fulfilled our other ethical responsibilities in accordance with the Code.

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

Other information included in the financial statements

The Directors are responsible for the other information. The other information comprises the Report of the Directors, Corporate Information, Risk Management Report, Statement of Value Added and Five-Year Financial Summary and any other reports excluding the financial statements as defined in our opinion paragraph above and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in 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.

Key Audit Matters

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



REPORT OF THE INDEPENDENT AUDITORS CONT'D

1 Manual Processing of financial transactions

Why it was a key audit matter

A manual accounting processing environment is tedious and cumbersome, and does not allow good internal control to be maintained. Where entries are compiled together after year end in form of general ledger, proper accrual accounting would be difficult and errors, mis-postings and outright fraud could go undetected. It would be tedious to generate routine accounting reports for management information service.

How the matter was addressed in the audit

We checked the accuracy of classification and posting of transactions in the primary books of account, and ensured that all postings into the general ledger agreed with the source documents. We validated account balances against their supporting documents and vouched accuracy of postings. Unposted transactions were thoroughly evaluated and incorporated into the accounts.

2 Low revenue generation and non-reconciliation of debtors' balances

Why it was a key audit matter

Companies survive on the revenue they generate. Low revenue generation and collection adversely affect the ability of a company to carry out its objectives without external support. The Company relies so much on the support of the Federal Government to fund its operations. The internal control over invoicing of customers was inadequate and there was poor co-ordination between invoicing of customers, maintenance of debtors' ledger and debt recovery.

How the matter was addressed in the audit

Sales records were reviewed, and reconciled with entries in the general ledger. Unposted sales invoices were obtained and posted. Individual customers balances were reviewed for completeness and adequacy of postings. Collections from customers and invoices were individually posted into the debtors' ledger to produce the debtors' schedule.

Directors Responsibilities for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) and in the manner required by the Companies and Allied Matters Act (CAMA) 2020, and the Financial Reporting Council of Nigeria Act, 2011, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our Objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



REPORT OF THE INDEPENDENT AUDITORS CONT'D

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercised professional judgment and maintained professional scepticism throughout the audit. We also:

- ✓ Obtained 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.
- ✓ Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ✓ Concluded on the appropriateness of management's 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. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ✓ Evaluated 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 our audit.

Report on Other Legal and Regulatory Requirements

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

- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) The Company has kept proper books of accounts, so far as appears from our examination of those books; and
- iii) The Company's Statement of Financial Position, and statement of profit or loss, are in agreement with the books of accounts.

08 October 2025
Abuja, Nigeria

Chinedu Anthony Eze

FRC/2022/PRO/ICAN/004 912295

For: Aminu Ibrahim & Co (Chartered Accountants
[FRC/2021/00000014037])



NIGERIAN COMMUNICATIONS SATELLITE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Statement of Profit or Loss Account For the year ended 31 December 2024

	Notes	2024 N	2023 N
Internally generated revenue	5	2,447,420,953	2,215,942,684
Direct operational cost	6	<u>(4,508,556,705)</u>	<u>(3,723,933,798)</u>
Net income		(2,061,135,752)	(1,507,991,114)
Personnel allocation	7	2,366,780,042	2,769,397,976
Overhead allocation	8	168,123,865	56,084,285
Finance income	9	-	9,751,644
Personnel costs	10	(2,366,780,042)	(2,769,397,976)
Administrative cost	11	(755,402,700)	(1,167,865,051)
Remittance to the Consolidated Revenue Fund	12	<u>(296,594,506)</u>	<u>(121,217,730)</u>
Operating loss before depreciation and impairment charges		(2,945,009,094)	(2,731,237,966)
Depreciation	14	(3,824,248,612)	(4,101,579,045)
Amortisation	15	-	(26,920,628)
Impairment charge	20	<u>(189,120,770)</u>	<u>(569,456,702)</u>
Loss for the year before tax		(6,958,378,475)	(7,429,194,341)
Taxation	13	-	-
Loss for the year after tax		(6,958,378,475)	(7,429,194,341)

The notes on pages 15 to 37 are integral parts of these financial statements.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

Statement of Financial Position
As at 31 December 2024

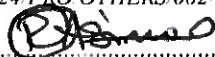
	Notes	31 Dec. 2024 ₦	31 Dec. 2023 ₦
ASSETS			
Non current assets			
Property, plant and equipment	14	25,394,515,826	28,161,779,905
Intangible assets	15	120	120
Other assets	16	6,255,055,815	7,818,819,767
Capital work-in-progress	17	155,151,867	155,151,868
Equity securities - FVOCI	18	-	-
		<u>31,804,723,627</u>	<u>36,135,751,660</u>
Current assets			
Inventory	19	332,001,750	294,248,122
Receivables and prepaid expenses	20	259,702,834	208,118,843
Bank and cash balances	21	5,307,781,523	3,044,199,106
		<u>5,899,486,106</u>	<u>3,546,566,071</u>
Total assets		<u>37,704,209,733</u>	<u>39,682,317,731</u>
EQUITY AND LIABILITIES			
Equity attributable to shareholders			
Share capital	24	10,000,000	10,000,000
Take off fund	25	47,153,020,514	47,153,020,514
Capital fund	26	35,854,136,587	31,979,027,088
Retained earnings	27	(58,753,105,421)	(51,794,726,946)
		<u>24,264,051,679</u>	<u>27,347,320,656</u>
Liabilities			
Payables and accrued expenses	22	7,176,216,102	4,505,069,635
Other liabilities	23	6,263,941,952	7,829,927,440
		<u>13,440,158,054</u>	<u>12,334,997,075</u>
Total equity and liabilities		<u>37,704,209,733</u>	<u>39,682,317,731</u>

The financial statements were approved and authorised for issue by the Board of Directors on 8 October 2025, and signed on its behalf by:-



Jane Nkechi Egerton-Idehen (Managing Director / CEO)


FRC/2024/PRO/OTHERS/002/596165



Abiodun Attah (Executive Director - Technical Services)

FRC/2024/PRO/DIR/003/557038

Additionally Certified by:


Abubakar Gwanu
 GM - Finance

FRC/2024/PRO/ANAN/001/158378

The notes on pages 15 to 37 are integral parts of these financial statements.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Statement of Changes in Equity

For the year ended 31 December 2024

	Share capital	Take off fund	Capital fund	Retained earnings	Total
	₦	₦	₦	₦	₦
Balance as at 1 January 2023	10,000,000	47,153,020,514	31,214,274,252	(44,358,726,520)	34,018,568,246
Loss for the year 2023	-	-	-	(7,431,694,341)	(7,431,694,341)
Receipt during the year 2023	-	-	764,752,836	-	764,752,836
Remittance of operating surplus				(6,806,085)	(6,806,085)
Balance as at 31 December 2023	10,000,000	47,153,020,514	31,979,027,088	(51,797,226,946)	27,344,820,656
Loss for the year 2024	-	-	-	(6,958,378,475)	(6,958,378,475)
Receipt during the year 2024	-	-	3,875,109,499	-	3,875,109,499
Balance as at 31 December 2024	10,000,000	47,153,020,514	35,854,136,587	(58,755,605,421)	24,261,551,680

The notes on pages 15 to 37 are integral parts of these financial statements.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Statement of Cash Flows

For the year ended 31 December 2024

	Notes	2024 N	2023 N
Cash flows from operating activities			
Loss for the year		(6,958,378,475)	(7,431,694,341)
Adjustments for non-cash items:			
Depreciation and amortisation	14, 15	3,824,248,612	4,128,499,673
Impairment charge on receivables	20	189,120,770	569,456,702
Credit note issued on impaired receivables		(16,750,000)	-
Charge on other assets		1,563,763,953	1,563,763,953
Deffered income received		(1,565,985,488)	(1,565,985,488)
Operating loss before working capital changes		(2,963,980,629)	(2,735,959,501)
<i>Changes in working capital:</i>			
Inventory	19	(37,753,628)	(9,204,059)
Receivables and prepaid expenses	20	(223,954,761)	(40,565,027)
Payables and accrued expenses	22	2,671,146,467	1,825,418,118
Net cashflow from operating activities		(554,542,550)	(960,310,469)
Cashflow from investing activities:			
Purchase of PPE and intangible assets	14, 15	(1,056,984,532)	(1,028,931,223)
Caipital work in progress		-	21,372,375
Net cashflow from investing activities		(1,056,984,532)	(1,007,558,848)
Cashflow from financing activities:			
Capital grants received	26	3,875,109,499	764,752,836
Operating surplus remitted to government		-	(6,806,085)
Net cashflow from financing activities		3,875,109,499	757,946,751
Net cash generated		2,263,582,417	(1,209,922,566)
Cash and cash equivalent at 1 January		3,044,199,106	4,254,121,672
Cash and cash equivalent at 31 December	21	5,307,781,523	3,044,199,106

The notes on pages 15 to 37 are integral parts of these financial statements.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements

1 General Information

a Incorporation

The Company was incorporated on 4th day of April 2006, as a Limited Liability Company under the Companies and Allied Matters Act (CAMA) 2020, with registration number 649733.

b Shareholding

The share capital of the Company is N10,000,000 divided into 10,000,000 ordinary shares of N1 each.

The Ministry of Finance Incorporated (MOFI) holds 9,950,000 units (99.5%), while Federal Ministry of Communication and Digital Economy holds 50,000 units (0.5%) of the share capital, in trust for the Federal Government of Nigeria.

c Principal activities of the Company

The principal activities of the company are:-

- i Operation of communication satellite in respect of, but not limited to telephony, television, radio broadcasting, broadband, internet services, navigation, global positioning system or any other services or facilities of the like nature, together with transmitters, teleports, transponders, earth stations, terminals, antennas and frequency bands.
- ii To complement the fibre / terrestrial networks in Nigeria for the deployment of broadband networks in the rural areas and other sectors, for example security, education, and agriculture.
- iii To collaborate on public access venues (PAV) deployment projects with other agencies of the federal Ministry of Communication and Digital Economy.
- iv To complement terrestrial cable and microwave deployment to meet the targets set out to the national broadband plan.

The Company started operation with NIGCOMSAT-1 which was launched in May 2007 and de-orbited after 18 months. A replacement satellite, NIGCOMSAT-1R which has the same features but with few modifications, was launched during the last quarter of 2011. The replacement is Hybrid satellite, it offers communications and navigational services for the aviation and maritime industries.

d Principal place of business

The Company's corporate head office is at Olusegun Obasanjo Space Centre, Along Umaru Musa Yar'Adua Expressway, Lugbe, Abuja, Nigeria.

e Financial period

The Company's financial accounting year runs from 1 January to 31 December.

f Basis of accounting

(i) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and in the manner required by the Companies and Allied Matters Act 2020, and the Financial Reporting Council of Nigeria Act 2011.

(ii) Basis of measurement

The financial statements have been prepared in accordance with the going concern assumption under the historical cost concept except for the following items which are measured on an alternative basis on each reporting date:

- derivative financial instruments - measured at fair value
- inventory - measured at lower of cost and net realisable value

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements (cont'd)

g Functional and presentation currency

These financial statements are presented in Nigerian Naira, which is the Company's functional currency.

2 Significant accounting policies

2.1 Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured, while foreign currency balances at year-end are translated using the year-end exchange rates. Foreign exchange gains and losses resulting from the translations are recognised in the profit or loss statement.

2.2a Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

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

The Company allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. Depreciation starts when the asset is available for use. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other (losses)/gains - net' in the profit or loss.

The major categories of property, plant and equipment are depreciated on a straight-line basis over their expected useful life as follows:

Asset category	Useful life	Depreciation rate
	Years	Percent
Land	-	-
Buildings	20	5
Plant & machinery	10	10
Office furniture and fittings	10	10
Motor vehicles	5	20
Office equipment	10	10
In-orbit satellite	15	6.66
Technical equipment	20	5
Ground station equipment	15	6.66
Community telecommunication centre	4	25
Other communication equipment	20	5

2.2b Intangible assets

Intangible assets are stated at the amount initially recognized, less accumulated amortization and accumulated impairment losses. Intangible assets include expenditure on licenses obtained from regulatory authorities and computer software licenses. Subsequent expenditure on software is capitalized only when it increases the future economic benefits of the related software. Software maintenance costs are recognized as expenses in the profit or loss statement as they are incurred. Amortization is recognized in the profit or loss statement on a straight-line basis over the estimated useful life of the software, from the date it is available for use. The estimated useful life of software is 3 years while that of the licenses are for a period of 5 years. These are reassessed annually.

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

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements (cont'd)

2.2c Impairment of non-financial assets

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

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.3 Financial instruments

2.3.1 Financial assets

Non derivative financial assets

(i) Initial recognition and measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not measured at fair value 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.

(ii) Classification and subsequent measurement

The Company classifies its financial assets on the basis of the Company's business model for managing the assets and the contractual cash flow characteristics of the asset.

On initial recognition, a financial asset is classified as measured at:

- Amortised cost
- Fair Value through Other Comprehensive Income (FVOCI) - (for debt and equity investments)
- Fair Value through Profit or Loss (FVTPL) - (for trading related assets)

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

a Financial assets at amortised cost

A debt instrument is measured at amortised cost if it meets both of the following conditions:

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

After initial measurement, debt instruments in this category are carried at amortized cost using the effective interest rate method. Amortized cost is calculated taking into account any discount or premium on acquisition, transaction costs and fees that are an integral part of the effective interest rate. Amortization is included in the Statement of Income. Impairment on financial assets measured at amortized cost is calculated using the expected credit loss approach. Account receivables and debt securities measured at amortized cost are presented net of the Allowance for Credit Losses (ACL) in the statement of financial position.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements (cont'd)

b Financial assets at Fair Value through Other Comprehensive Income (FVOCI)

A debt instrument is measured at FVOCI only if it meets both of the following conditions:

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

Subsequent to initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are recorded in Other Comprehensive Income (OCI).

All other debt instruments are classified as measured at Fair Value Through Profit or Loss (FVTPL).

c Financial assets measured at Fair Value Through Profit or Loss (FVTPL)

Debt instruments measured at FVTPL include assets held for trading purposes, assets held as part of a portfolio managed on a fair value basis and assets whose cash flows do not represent payments that are solely payments of principal and interest. Financial assets may also be designated at FVTPL if by so doing eliminates or significantly reduces an accounting mismatch which would otherwise arise. These instruments are measured at fair value in the Statement of Financial Position, with transaction costs recognized immediately in the statement of Income. Unrealized gains and losses are recognized in the statement of income.

d Equity investments

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. Amount presented in OCI shall not be subsequently transferred to profit or loss but the Company may transfer the cumulative gain or loss within equity

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial instruments included in this category are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in profit and loss. Interest income and dividend income on financial assets held for trading are included in profit and loss respectively. At the reporting dates covered by these year end financial statements, the Company had no financial assets classified as financial assets at fair value through profit or loss.

Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost, or as financial liabilities at fair value through profit or loss. Management determines the classification of financial liabilities at initial recognition. As at the reporting date, the company has no financial liabilities that qualify for classification at fair value through profit or loss.

Financial liabilities at amortised cost

These include trade payables and other payables. They are initially recognized at fair value. Subsequently, they are measured at amortised cost using the effective interest method. They are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Financial instruments are included in current assets / liabilities, except for those with maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets/ liabilities. The Company holds the following financial assets and liabilities as at the reporting date:-

Financial assets/liabilities	31 December 2024	31 December 2023
	N	N
Investment securities at FVOCI	-	-
Trade Receivables	181,865,448	201,917,343
Other receivables	77,837,385	6,201,500
Cash and bank balances	5,307,781,523	3,044,199,106
Payables and accruals	7,176,216,102	4,507,569,636
Total	12,743,700,458	7,759,887,585

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements (cont'd)

2.3.3 Derecognition of financial instruments

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

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

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

2.3.4 Offsetting financial instruments

Financial assets 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 settle the liability simultaneously.

2.3.5 Impairment of financial assets

In line with IFRS 9, the Company assesses financial assets for impairment using Expected Credit Loss (ECL) approach.

Equity instruments and financial assets measured at FVTPL are not subjected to impairment under the standard.

IFRS 9 impairment model uses a three stage approach based on the extent of credit deterioration since initial recognition.

Stage 1 - which is 12-month ECL applies to all financial assets that have not experienced a significant increase in credit risk since initial recognition, and are not credit impaired. The ECL would be computed using a 12-month Probability of Default (PD) that represents the probability of default occurring over the next 12 months. For assets whose remaining maturity is less than 12 months, a PD is used that corresponds to remaining maturity.

Stage 2 - if a financial assets experiences a significant increase in credit risk after its initial recognition but is not credit impaired, it is considered to be in Stage 2. The ECL is computed based on lifetime probability of default which is the probability of default occurring over the remaining estimated life of the financial asset.

Stage 3 - Financial assets that have an objective evidence of impairment. ECL based on life time probability of default will be computed for this.

IFRS 9 requires management judgments, estimates and assumptions particularly in assessing whether the credit risk of an instrument has increased significantly since initial recognition, and incorporating forward looking information into the measurement of ECL.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due. The Company considers a financial asset to be in default if:-

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.
- the customer has been de-activated either due to technical issues, default etc.

The standard offers a simplified approach for entities which have only short term receivables less than a year in duration, and that does not contain a significant financing component - such as trade receivables, IFRS 15 contract assets and lease receivables. When estimating expected Credit Loss (ECL), the Company considers reasonable and supportable information that are relevant and available without undue cost or effort. The Standard allows the Company to use a simplified provision matrix for calculating ECL as a practical expedient. The provision matrix is based on a Company's historical default rates over the expected life of the trade receivable and is adjusted for forward looking information. The Company would apply this simplified approach to its trade receivables.

Loss allowances for ECL are presented in the statement of financial position as follows:-

- financial assets measured at amortised cost - as a deduction from the gross carrying amount of the assets;
- debt instruments measured at FVOCI - no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve.

2.3.6 Write off of financial assets

Loans, debt securities and receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower/customer does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Equity instruments measured at fair value through profit or loss may be written off when the instrument is delisted from an active market due to inability to meet up with the listing / quotation requirements, and there is no prospect of recovery over an extended time period.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements (cont'd)

2.4 Inventory

Inventories are measured at the lower of cost and net realisable value. Costs of inventories and supplies represent purchase or production cost of goods and are determined on a weighted average basis. Costs include directly attributable costs incurred in bringing inventories to the present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items.

2.5 Trade receivables

Trade receivables are amounts due from customers for services rendered in the ordinary course of business. Trade and other receivables are carried at the original invoice amount, less impairment allowances computed using the Company's ECL model. Balances are written off when the probability of recovery is assessed as being remote.

2.6 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term investments with original maturities of three months or less, which are subject to insignificant risk of changes in their fair value, and are used in the management of the Company's short-term commitments.

2.7 Share capital

The Company has only one class of shares - ordinary shares - which are classified as equity.

When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. Incidental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

2.8 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Employee benefits

(i) Wages, salaries and annual leave

Presently, wages, salaries, bonuses and other contributions of the Company are administered by the Federal Government of Nigeria through the Integrated Personnel Payroll Information System (IPPIS) and leave and other allowances are recognised when paid.

(ii) Defined contribution plan

The Company operates a defined contribution scheme for its employees in line with the Pension Reform Act. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. 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 Company has no further payment obligations once the contributions have been paid. The Company's contributions to the defined contribution schemes are charged to the profit or loss statement in the year to which they relate.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements (cont'd)

2.10 Provisions

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

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

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.11 Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Company; and when risks and rewards have passed to the customer. This generally occurs when the customer has been connected to the Company's network, the service level agreement signed and the customer is activated.

The Company derives revenue from the sales of bandwidths, transponder leasing and other micro electronic products, to its customers. The Company accounts for contracts within the scope of IFRS 15 'Revenue from contracts with customers' when a contract has been approved by both parties, each party's rights have been clearly identified, payment terms have been clearly identified, the contract has commercial substance and it is probable that the Company will collect the consideration it is entitled to for the sales of the products to the customers

i Definition of a customer

A customer is a party that has contracted with the Company to obtain bandwidth or lease a transponder of a specified quantity in exchange for a consideration. A counterparty would not be a customer if it has entered into a contract to share in the risk and benefits that result from the activity or the Company has entered into collaborative arrangements with reseller to resolve issues to final consumers.

ii Performance obligations

The Company assesses the goods or services promised in a contract with a customer and identifies each promise to deliver distinct goods or services. The Company typically has single performance obligations in its sales contracts, which is to install and activate the service to customers. The performance obligation is satisfied upon installation and activation, and payment is usually done monthly, quarterly or annually. The Company recognises revenue at the point when the performance obligation is satisfied.

iii Contract enforceability and termination

The Company recognises revenue for contracts that create enforceable rights and obligations to parties in the contract. IFRS 15 requires that for contracts to be enforceable, it must have been approved by the parties to the contract, rights have been explicitly stated, payment terms have been defined, the contract has commercial substance, and collectability is highly probable. The Company does not recognise revenue for contracts that do not meet the revenue recognition criteria.

iv Transaction Price

Transaction price is the amount allocated to the performance obligations identified in the contract. It represents the amount of revenue recognised as those performance obligations are satisfied. Complexities may arise where a contract includes variable consideration, significant financing components or consideration. Variable consideration not within the Company's control is estimated at the point of revenue recognition and reassessed periodically. The estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Although variable considerations are subject to a constraint, revenue recognised as the performance obligation is satisfied is not subject to a significant reversal in future periods.

The Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between when it transfers a promised good or service to a customer and when the customers pays for that goods or services will be less than one year.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements (cont'd)

v *Assets and liabilities related to contracts with customers*

The Company has recognised the following assets and liabilities related to contracts with Customers:

	Note	31 December 2024	31 December 2023
Trade receivables	20	181,865,448	201,917,343

2.12 Government funding and government grant

The Company benefits from funding from the Federal Government of Nigeria through budgetary appropriations in the form of capital, overhead and personnel grants, to finance its activities. Funds from the government are recognized when received at the amount received less mop-up of unutilized part lapsing at the end of the year. The capital funds are recognised and presented as equity, while the overhead and personnel grants are presented in the income statement. Being 100% owned by the Federal Government of Nigeria, the Company, these funding are outside the scope of the provisions of IAS 20 - Accounting for Government grants.

Government grants are recognised when there is reasonable assurance that the entity will comply with the conditions attached to them, and that the grant will be received. Grants related to income are recognised in Profit or loss on a systematic basis over the period in which the entity recognises as expenses the related cost that the grants are intended to compensate.

2.13 Interest Income

The company finance income and finance costs includes: Interest income, interest expenses, net gain or loss on financial assets at fair value through profit or loss (FVTPL) foreign currency gain or loss on financial assets or financial liabilities and unwinding of discount on provision, etc

Interest income or expenses are recognized in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to: – the gross carrying amount of the financial asset; or the amortised cost of the financial liability.

Foreign currency gains and losses are reported on a net basis.

2.14 Taxation

Income tax is recognised in the statement of comprehensive income, either as an expense as it relates to operating activities or as a component of the applicable categories of other comprehensive income or loss. Current tax assets and liabilities for the current year are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted, by the reporting date, in Nigeria where the Company operates and generates taxable income.

The Company is wholly owned by the Federal Government of Nigeria, and remits 25% of its internally generated revenue and its operating surplus to the Federation Account, until November 2022, when the Office of the Accountant General of the Federation started direct deduction of 40% of its internally generated revenue from its TSA revenue account. Therefore the Company is not chargeable to Company's income tax, though it has not obtained a waiver as required by the Companies income tax law.

2.15 Leases

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Company, as a lessee has recognized the right-of-use assets representing its right to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessors accounting remains similar to previous accounting policies.

The major lease transaction wherein the Company is a lessee relates to the lease of Company's regional offices. But these are short term and of low value, therefore the Company has elected not to recognise right of use assets and lease liabilities for such leases. The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

Under IFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the customer. Control is considered to exist if the customer has:

- the right to obtain substantially all of the economic benefits from the use of an identified asset; and
- the right to direct the use of that asset

The company applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019 (where the Company is a lessee in the lease contract)

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements

3 Critical accounting estimates, judgements and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expense. As a result of the uncertainties inherent in business activities, many items in financial statements cannot be measured with precision, but can only be estimated. Estimation involves judgement based on the latest available and reliable information. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where judgements and estimates are significant to the financial statements are as follows:-

(a) **Measurement of Expected Credit Loss (ECL)**

At each reporting date the historical observed default rates are updated and changes in the forward looking information are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate, which is affected by any change in any of the composite input. The information about the ECL on the Company's trade receivables is disclosed in Note 20.

(b) **Useful lives of Property, Plant and Equipment / Intangible assets**

Estimates are made in determining the useful lives of these assets, and their depreciation / amortisation rates thereon.

(c) **Impairment of equity investments measured at fair value through other comprehensive income**

This requires the use of inputs and significant assumptions on the recoverability and the future economic benefits of the investment.

(d) **Recognition of contingencies and provisions**

Management is required to make key assumptions about the likelihood and magnitude of an outflow of economic resources.

4 New standards, amendments and interpretations

(a) **Standards and interpretations effective for the first time from 1 January 2024.**

In the current year the Company has adopted the following standards, amendments, and interpretations that are effective for the current financial year and that are relevant to its operations.

(i) **Amendments to IFRS 16 - Leases: Lease liability in a sale and leaseback**

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date.

This amendment has no material impact on the financial statements of the Company.

(ii) **Amendments to IAS 7 - Statement of Cashflows and IFRS 7 - Financial Instruments: Disclosures- Supplier Finance Arrangements.**

The amendments introduce two new disclosure objectives - one in IAS 7 and another in IFRS 7 - for an entity to provide information about its supplier finance arrangements that would enable users (investors) to assess the effect of these arrangements on the entity's liabilities and cashflows, and its exposure to liquidity risk. Transparency is expected under existing IFRS Accounting Standards, however the amendment introduce specific requirements for entities to provide the information users need

The Company is assessing how this amendment would affect it and would take action to implement the amendment if the assessment determines a material obligation.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements

4 New standards, amendments and interpretations (continued)

(iii) Amendment to IAS 1 - Presentation of Financial Statements - Classification of liabilities as current or noncurrent, and new disclosure requirements particularly concerning covenants.

a. The amendment clarify that for a liability to be classified as non-current, the entity must have the right to defer settlement for at least 12 months after the reporting date. This right must exist at the reporting date and have substance, regardless of management's intentions or expectations about exercising that right.

b. Impact of Covenants: The amendments specify that only covenants that must be complied with on or before the reporting date affect the classification of liabilities. Covenants that are assessed after the reporting date do not impact this classification. This change aims to reduce diversity in practice and improve comparability in financial statements.

c. New disclosure requirements: Entities must provide additional disclosures for liabilities classified as non-current that are subject to covenants within 12 months of the reporting date. This includes information that helps users understand the risk that the liabilities could become repayable within that timeframe.

4 (b) New and revised IFRS Standards and Interpretations in issue but not yet effective

A number of new standards and amendments are effective for annual periods beginning after 1 January 2024, and early application is permitted, however the Company has not early adopted the new or amended standards in preparing these financial statements. The Company is yet to determine the impact these standards and amendments will have on its financial statements.

These new and revised standards and interpretations are summarised in the table below:

a	Amendments to IFRS 19 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture
b	Amendments to IAS 21	Lack of Exchangeability
c	Amendments to IFRS 9 and IFRS 7	Classification and measurement of financial instruments
d	IFRS 18	Presentation and disclosure in financial statements
e	IFRS 19	Subsidiaries without public accountability : Disclosures
f	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 & IAS 7	Annual improvements of IFRS Accounting standards

a IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

The effective date of the amendments is yet to be set by the IASB; however, earlier application of the amendments is permitted

Directors of the Company anticipate that the application of these amendments will have no impact on the financial statements.

b Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability

The amendments to IAS 21 deals with situations when one currency cannot be exchanged into another. This lack of exchangeability might arise when a government imposes controls on capital imports and exports, for example, or when it provides an official exchange rate but limits the volume of foreign currency transactions that can be undertaken at that rate. Consequently, market participants are unable to buy and sell currency to meet their needs at the official exchange rate and turn instead to unofficial, parallel markets.

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Financial Statements for the Year ended 31 December 2024

Notes to the financial statements

Standards and interpretations issued but not yet effective (Continued)

The International Accounting Standards Board (IASB) amended IAS 21 to clarify when a currency is exchangeable into another currency and proposes how companies can best estimate a spot rate when a currency lacks exchangeability. The effective date of the amendment is for years beginning on or after 1 January 2025.

These amendments will not have material impact on the financial statements of the Company.

c Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures- Classification and Measurement of Financial Instruments

These amendments clarify how to classify and disclose some financial assets with ESG-linked features. The amendments to IFRS 9 include guidance on the classification of financial assets, including those with contingent features while amendments to IFRS 7 now requires Companies to provide additional disclosures on financial assets and financial liabilities that have certain contingent features. The amendments also introduce an additional SPPI test for financial assets with contingent features that are not related directly to a change in basic lending risks or costs.

The effective date of the amendment is for years beginning on or after 1 January 2026.

These amendments are not expected to have any material impact on the financial statements of the Company.

d IFRS 18 Presentation and Disclosure in Financial Statements

The standard aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information. It provides significant changes to how a company presents its income statement and what information needs to be disclosed, and making certain 'non-GAAP' measures part of the audited financial statements for the first time.

The effective date of the amendment is for years beginning on or after 1 January 2027.

The directors of the Company anticipate that these amendments are not expected to have material impact on the financial statements presentation.

e IFRS 19 Subsidiaries without Public Accountability: Disclosures

The Standard provides that subsidiaries using IFRS Accounting Standards but that do not have public accountability, and have parents that produce consolidated accounts, can substantially reduce their disclosures and focus more on users' needs. The standard offers eligible subsidiaries a practical way of addressing the problems of over-disclosure while reducing reporting costs by removing the need to either provide disclosures beyond users' needs or to maintain two separate sets of accounting records. The effective date of the amendment is for years beginning on or after 1 January 2027.

The directors of the Company anticipate that the application of these amendments have no impact on the financial statements.

f IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements & IAS 7 Statement of Cash Flows - Annual Improvements - Volume 11

The annual improvements process is a targeted amendments to improve clarity and internal consistency of IFRS Accounting Standards.

The amendment addresses a potential confusion arising from an inconsistency in wording between paragraph B6 of IFRS 1 and requirements for hedge accounting in IFRS 9 Financial Instruments by a first time adopter. The amendment in IFRS 7 among others addresses a potential confusion in paragraph B38 arising from an obsolete reference to a paragraph that was deleted from the standard relating to gain or loss on derecognition. The amendment in IFRS 9 among others addresses a potential lack of clarity in the application of the requirements of paragraph 23 to account for a derecognition of a lessee's lease liability. The amendment of IFRS 10 addresses a potential confusion arising from an inconsistency between paragraphs B73 and B74 of IFRS 10 related to an investor determining whether another party is acting on its behalf. Lastly, the amendment of IAS 7 addresses a potential confusion in applying paragraph 37 that arises from the use of the term 'cost method' that is no longer defined in IFRS Accounting Standards

The effective date of the amendment is for years beginning on or after 1 January 2026.

The directors of the Company anticipate that these amendments are expected to have no material impact on the financial statements of the Company.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Notes to the financial statements for the year ended 31 December 2024

	2024 N	2023 N
5 Internally generated revenue		
Sales of bandwidth	806,564,520	552,232,893
Sales of transponder	74,525,945	80,166,023
Income from migration of C-band customers (Note 23)	1,565,985,488	1,565,985,488
Other income*	345,000	17,558,281
	<u>2,447,420,953</u>	<u>2,215,942,685</u>
<i>* Other income is made up of:</i>		
<i>Miscellaneous sources - reseller registration, tender fees etc</i>	<u>345,000</u>	<u>17,558,281</u>
	<u>345,000</u>	<u>17,558,281</u>
6 Direct operational cost		
Rent of bandwidths and others	34,721,546	60,741,967
Repair and maintenance of communication equipment	2,737,867,704	1,889,192,043
Electricity and power	140,665,854	145,851,925
Customer service expenses	31,537,648	64,383,910
Write off of cost of migration of C-band customers (Note 16)	1,563,763,953	1,563,763,953
	<u>4,508,556,705</u>	<u>3,723,933,798</u>
7 Personnel allocation		
Received from Office of the Accountant General Of the Federation (OAGF)	<u>2,366,780,042</u>	<u>2,769,397,976</u>
8 Overhead allocation		
Received from Office of the Accountant General Of the Federation (OAGF)	<u>168,123,865</u>	<u>56,084,285</u>
9 Finance income		
Exchange gain	<u>-</u>	<u>9,751,644</u>
10 Personnel cost		
Consolidated salaries	2,366,780,042	2,505,498,853
Pension - employers contribution*	-	239,495,564
National Health Insurance Scheme (NHIS)*	-	24,403,559
	<u>2,366,780,042</u>	<u>2,769,397,976</u>
<i>The personnel cost is administered through the Federal Government Integrated Personnel and Payroll Information System (IPPIS).</i>		
<i>* These could not be ascertained in the year because of change in funding source.</i>		
	Number	Number
a The average number of persons employed by the Company at the end of each year was as follows:-		
<i>Executive Management staff</i>	4	4
<i>Senior management staff</i>	30	30
<i>Middle management staff</i>	203	166
<i>Other staff</i>	<u>29</u>	<u>103</u>
	<u>266</u>	<u>303</u>
b Employee remuneration bands:		
<i>Employees whose total annual emoluments were within the following ranges in the year were:</i>		
<i>Below N2,000,000</i>	20	24
<i>N2,000,001 - N5,000,000</i>	54	79
<i>N5,000,001 - N10,000,000</i>	69	77
<i>N10,000,001 - N15,000,000</i>	113	116
<i>N15,000,001 - N20,000,000</i>	6	3
<i>Above N20,000,001</i>	<u>4</u>	<u>4</u>
	<u>266</u>	<u>303</u>

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Notes to the financial statements for the year ended 31 December 2024

	2024 N	2023 N
c Directors' emoluments (included in Staff welfare expenses)		
<i>(i) Remuneration paid to the Non-Executive Directors of the Company was:</i>		
Sitting allowances	-	1,200,000
Other expenses	-	-
	<u>-</u>	<u>1,200,000</u>
<i>(ii) Remuneration paid to Executive Directors of the company was:</i>		
Salaries	<u>60,327,000</u>	<u>87,548,000</u>
<i>(iii) Highest paid Director - Managing Director</i>	<u>25,152,000</u>	<u>25,152,000</u>
11 Administrative cost		
Entertainment and hospitality	16,873,720	6,912,117
Repair and maintenance of plant, property and equipment	47,182,586	168,443,177
Printing, stationery and computer consumables	21,040,340	20,698,500
Advertisement and marketing	38,734,065	51,238,206
Power and energy	56,029,916	61,771,630
Fumigation and cleaning	43,452,041	39,465,652
Oversea travelling and expenses	287,947,173	101,225,419
Newspaper, postages and telephone	1,646,559	3,156,380
Local transport and logistics	47,306,472	96,575,865
Training and development	576,241	43,935,354
Staff welfare	26,308,814	53,961,533
Security expenses	34,601,257	39,029,018
IT, NYSC and casual allowances	5,473,701	4,070,000
Subscriptions to Telecom bodies	25,162,436	1,350,000
Licence renewal	4,256,415	9,368,365
Legal and consultancy fees	91,060,785	435,664,768
Bank charges	250,179	299,358
Office rent	-	23,199,709
Audit fees*	7,500,000	7,500,000
	<u>755,402,700</u>	<u>1,167,865,051</u>

* The auditors - Messrs Aminu Ibrahim & Co were not engaged in any non audit services during the year (2023: Nil)

12 Remittable to the Consolidated Revenue Fund *		
Direct deduction from internally generated revenue	<u>296,594,506</u>	<u>121,217,730</u>
	<u>296,594,506</u>	<u>121,217,730</u>

* The Federal Ministry of Finance on 11 November 2011, vide circular ref no: BO/RVE/12235/259/VII/201 conveyed the directive of the President of the Federal Republic of Nigeria, to all Federal Agencies / Parastatals to limit their annual budgetary expenditure from internally generated revenue to no more than 75% of their gross revenue. Thereafter the Heads of the Agencies are to ensure prompt remittance of their operating surplus into the Consolidated Revenue Fund, in line with the provisions of the Fiscal Responsibility Act of 2007. The company's internally generated revenue are derived from services to its customers which has a direct cost which are deducted before arriving at remittable deductions. However from November 2022 the Office of the Accountant General of the Federation started direct deduction of 40% of internally generated revenue accruing to the Company on its Treasury Single Account (TSA) revenue account.

13 Taxation	<u>-</u>	<u>-</u>
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The Company is wholly owned by the Federal Government of Nigeria, and receives personnel, overhead and capital allocations from the Federal Government budget. It is classified as a revenue generating agency of the Government, and remits 25% of its Internally Generated Revenue (IGR) to the Consolidated Revenue Fund, until November 2022 when the Office of the Accountant General of the Federation started deducting 40% of its IGR directly from its Treasury Single Account (TSA) revenue account. The Company has not made any provision and do not anticipate any arising Company Income tax liabilities. However the Company has initiated the process of obtaining a Company Income Tax waiver from the appropriate authority.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Notes to the financial statements for the year ended 31 December 2024

**14 Property, plant and equipment
31 December 2024**

Cost	Land N	Building N	Plant and machinery N	Office		Motor vehicles N	Office equipment N	In-orbit satellite N	Technical equipment N	Ground station equipment N	Other communication equipment N	Total N
				furniture and fittings N	Plant and machinery N							
At 1 January 2024	14,879,000,000	4,002,662,244	245,827,307	585,809,443	569,779,483	2,015,117,586	47,769,241,464	4,190,492,185	7,868,454,963	1,042,555,469	83,168,940,144	
Addition during the year	-	4,007,371	-	77,640,990	136,400,000	93,525,000	-	529,897,955	215,513,216	-	(0)	1,056,984,532
At 31 December 2024	14,879,000,000	4,006,669,615	245,827,307	663,450,433	706,179,483	2,108,642,586	47,769,241,464	4,720,390,140	8,083,968,179	1,042,555,469	84,225,924,676	
Depreciation												
At 1 January 2024	-	1,590,336,641	189,252,968	528,159,340	297,563,580	1,189,167,575	43,650,183,428	1,834,509,955	5,250,101,400	477,885,352	55,007,160,239	
Charge for the year	-	200,289,551	11,352,954	9,674,339	78,031,511	115,957,912	2,846,922,253	216,111,795	289,137,675	56,770,622	3,824,248,612	
At 31 December 2024	-	1,790,626,192	200,605,922	537,833,679	375,595,091	1,305,125,487	46,497,105,681	2,050,621,750	5,539,239,075	534,655,974	58,831,408,851	
Carrying amount												
At 31 December 2024	14,879,000,000	2,216,043,423	45,221,385	125,616,754	330,584,392	803,517,099	1,772,135,783	2,669,768,391	2,544,729,104	507,899,495	25,394,515,826	
At 31 December 2023	14,879,000,000	2,412,325,603	56,574,339	57,650,103	272,215,903	823,950,011	4,119,058,036	2,355,982,230	2,618,353,563	564,670,117	28,161,779,905	

**Property, plant and equipment
31 December 2023**

Cost	Land N	Building N	Plant and machinery N	Office		Motor vehicles N	Office equipment N	In-orbit satellite N	Technical equipment N	Ground station equipment N	Other communication equipment N	Total N
				furniture and fittings N	Plant and machinery N							
At 1 January 2023	14,879,000,000	3,948,800,079	245,827,307	584,679,443	428,880,200	1,902,344,497	47,769,241,464	3,648,613,845	7,690,066,616	1,042,555,469	82,140,008,920	
Addition during the year	-	53,862,166	-	1,130,000	140,899,282	112,773,089	-	541,878,340	178,388,347	-	-	1,028,931,224
At 31 December 2023	14,879,000,000	4,002,662,244	245,827,307	585,809,443	569,779,483	2,015,117,586	47,769,241,464	4,190,492,185	7,868,454,963	1,042,555,469	83,168,940,144	
Depreciation												
At 1 January 2023	-	1,392,111,318	177,746,814	518,570,477	238,124,681	1,078,915,630	40,465,567,362	1,641,812,145	4,971,618,037	421,114,730	50,905,581,194	
Charge for the year	-	198,225,323	11,506,154	9,588,863	59,438,899	110,251,945	3,184,616,066	192,697,810	278,483,363	56,770,622	4,101,579,045	
At 31 December 2023	-	1,590,336,641	189,252,968	528,159,340	297,563,580	1,189,167,575	43,650,183,428	1,834,509,955	5,250,101,400	477,885,352	55,007,160,239	
Carrying amount												
At 31 December 2023	14,879,000,000	2,412,325,603	56,574,339	57,650,103	272,215,903	823,950,011	4,119,058,036	2,355,982,230	2,618,353,563	564,670,117	28,161,779,905	
At 31 December 2022	14,879,000,000	2,556,688,761	68,080,493	66,108,966	190,755,519	823,428,867	7,303,674,102	2,006,801,700	2,718,448,579	621,440,739	31,234,427,726	

- i The Company had no capital commitments during the year (2023: nil)
- ii There were no lien or encumbrances on the assets at year end (2023 : nil)
- iii There were no borrowing cost capitalised during the year. (2023 : nil)

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Notes to the financial statements for the year ended 31 December 2024

15 Intangible assets 31 December 2024

	Software	License	Total
Cost	N	N	N
At 1 January 2024	354,071,763	96,212,500	450,284,263
Addition during the year	-	-	-
At 31 December 2024	354,071,763	96,212,500	450,284,263
Amortisation			
At 1 January 2024	354,071,663	96,212,480	450,284,143
Charge for the year	-	-	-
At 31 December 2024	354,071,663	96,212,480	450,284,143
Carrying amount			
At 31 December 2024	100	20	120
At 31 December 2023	100	20	120

Intangible assets 31 December 2023

	Software	License	Total
Cost	N	N	N
At 1 January 2023	354,071,763	96,212,500	450,284,263
Addition during the year	-	-	-
At 31 December 2023	354,071,763	96,212,500	450,284,263
Amortisation			
At 1 January 2023	340,789,098	82,574,417	423,363,515
Charge for the year	13,282,565	13,638,063	26,920,628
At 31 December 2023	354,071,663	96,212,480	450,284,143
Carrying amount			
At 31 December 2023	100	20	120
At 31 December 2022	13,282,665	13,638,083	26,920,748

31 December **31 December**
2024 **2023**
N **N**

16 Other assets

C- band migration payments, balance beginning of the year	7,818,819,768	9,382,583,721
Charged to income statement during the year	(1,563,763,953)	(1,563,763,953)
C- band migration payments, balance end of the year	6,255,055,815	7,818,819,768

In year 2022, the Company received the sum of N10.96 billion from Nigerian Communication Commission, to relocate its customers on the C-band on the NIGCOMSAT-1R satellite over the 7 years remaining life of the satellite. The income and expenses in respect of this were capitalised as prepaid satellite capacity and amortised over the remaining seven years useful life.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Notes to the financial statements for the year ended 31 December 2024

	31 December 2024	31 December 2023
17 Capital work-in-progress		
Work on Micro Electronic Centre	155,151,867	155,151,867
Police CDMA network*	527,521,570	527,521,570
	<u>682,673,437</u>	<u>682,673,437</u>
Impairment allowance	(527,521,570)	(527,521,570)
	<u>155,151,867</u>	<u>155,151,867</u>

* Police CDMA is a nationwide integrated National Public Security Communications System (NPSCS) project of the Nigerian Police which did not materialise. The equipment procured in 2010, for the project has become obsolete.

18 Equity securities - Fair value OCI		
Cost of acquisition	465,600,000	465,600,000
Impairment allowance	(465,600,000)	(465,600,000)
	<u>-</u>	<u>-</u>

The Nigerian Communications Satellite Limited hold 200,000 ordinary shares in Gicell Wireless Limited. This represents 20% of the total issued and fully paid-up share capital of Gicell Wireless Limited. The company has ceased operation, the last management account was in 2013, and it has been affected by obsolescence of technology.

	Dec. 2024 N	Dec. 2023 N
19 Inventory		
Communication equipment consumables	266,372,967	227,099,192
Electrical consumables	59,750,010	61,078,810
Stationeries and office consumables	5,878,773	6,070,120
	<u>332,001,750</u>	<u>294,248,122</u>
20 Receivables and prepaid expenses		
Trade receivables	2,063,394,716	1,911,075,841
Less : Impairment allowance on trade receivables*	(1,881,529,268)	(1,709,158,498)
	181,865,448	201,917,343
Other receivables	77,837,385	6,201,500
	<u>259,702,834</u>	<u>208,118,843</u>

* Movement in the impairment allowance on trade receivables are as follows:-

Balance, as at 1 January	1,709,158,498	1,139,701,796
Credit note / write off	(16,750,000)	-
Additional impairment charge for the year	189,120,770	569,456,702
Balance, as at 31 December,	<u>1,881,529,268</u>	<u>1,709,158,498</u>

21 Cash and bank balance		
Overhead cash balance	8,798,173	279,358
Capital cash balance *	5,230,544,019	2,954,697,484
Central Bank of Nigeria (USD)	52,077,598	29,411,055
Remita balance	4,166,937	11,242,554
CBN - Zonal Intervention Projects balance	12,178,562	47,634,084
CBN - Special project account	16,234	934,570
	<u>5,307,781,523</u>	<u>3,044,199,105</u>

* Included in this, is the sum of N6,648,215 (2023 : N46,338,533) outstanding allocation on constituency projects with the corresponding liability stated in Note 22e.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Notes to the financial statements for the year ended 31 December 2024

	31 Dec. 2024	31 Dec. 2023
	N	N
22 Payables and accrued expenses		
Trade payable - NHIA (Note 22a)	934,570	934,570
Audit fees payable	10,000,000	7,500,000
Value Added Tax (VAT) and Withholding Tax (WHT) payable	7,624,577	39,737,292
Sub-treasury of the Federation (Note 22b)	350,108,139	350,108,139
Other payables (Note 22c)	6,306,760,792	3,534,636,010
Accrued charges	481,961,248	478,181,007
Zonal Intervention Projects payable (Note 22d)	12,178,562	47,634,084
Constituency project payable (Note 22e)	6,648,215	46,338,533
	<u>7,176,216,102</u>	<u>4,505,069,635</u>

(a) In year 2020, the Company was appointed the lead contractor for the implementation of e-NHIS and system development, upgrade and renewal by the National Health Insurance Agency (NHIA). The Company was to continuously monitor and supervise the project and ensure that standard specifications of the contract are complied with by the six implementing partners and to make payments as at when due in line with the payment milestones and deliverables. The revenue earned by the Company from this project is included in other income. As at the reporting date the transactions on the project are as follows:-

	31 Dec. 2024	31 Dec. 2023
	N	N
Balance, as at 1 January,	934,571	38,059,869
Amount received during the year	-	315,642,767
Amount paid out during the year	-	(352,768,065)
Balance, as at 31 December	<u>934,571</u>	<u>934,571</u>

(b) Movement in Sub-treasury of the Federation is as follows:-

Balance, as at 1 January,	350,108,139	350,108,139
Charge during the year based on collected revenue (Note 12)	296,594,506	121,217,730
Remittance to the Consolidated revenue fund	(296,594,506)	(121,217,730)
Balance, as at 31 December	<u>350,108,139</u>	<u>350,108,139</u>

(c) Other payables

<u>6,306,760,792</u>	<u>3,534,636,010</u>
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This amount is due to the Company's foreign technical partner for services rendered. The Company has commenced negotiations with the technical partner on how to settle this liability.

(d) Zonal Intervention Projects payable

Zonal Intervention projects are community based projects of the National Assembly domiciled with the Company. The projects are conceived, valued and supervised by the Ministry of Special Duties, while the Company acts as the administrator of the fund. The project's balance at the reporting date is as follows:-

	31 Dec. 2024	31 Dec. 2023
	N	N
Balance, as at 1 January,	47,634,084	131,996,625
Amount appropriated during the year	140,000,000	108,800,000
Disbursements made during the year	(175,455,522)	(193,162,541)
Balance, as at 31 December	<u>12,178,562</u>	<u>47,634,084</u>

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Notes to the financial statements for the year ended 31 December 2024

22(c) Constituency project payable

Constituency projects are trainings on Information and Communication Technology (ICT) and Centres built in selected locations under the constituency project allocation. The projects were constructed/acquired and transferred to benefiting communities, and the Company do not expect to derive any future economic benefits from them. The transactions during the year are as follows:-

	31 Dec. 2024	31 Dec. 2023
	N	N
Balance, as at 1 January	46,338,534	166,004,316
Amount allocated during the year	125,000,000	135,000,000
Disbursements made during the year	(164,690,319)	(254,665,782)
Balance, as at 31 December	<u>6,648,215</u>	<u>46,338,534</u>

23 Other liabilities

Deferred C- band migration income, balance beginning of the year	7,829,927,440	9,395,912,928
Charged to income statement during the year	(1,565,985,488)	(1,565,985,488)
Deferred C- band migration income, balance end of the year	<u>6,263,941,952</u>	<u>7,829,927,440</u>

In year 2022, the Company received the sum of N10.96 billion from Nigerian Communication Commission, to relocate its customers on the C-band on the NIGCOMSAT-1R satellite over the 7 years remaining life of the satellite. The grant and expenses in respect of this were capitalised as as prepaid satellite capacity and amortised over the remaining seven years useful life.

24 Share capital

Authorised, Issued and fully paid

10,000,000 shares of N1 each	<u>10,000,000</u>	<u>10,000,000</u>
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The Company's shares are held 99.5% by the Federal Ministry of Finance Incorporated and 0.5% by the Federal Ministry of Communications on behalf of the Federal Government of Nigeria.

25 Take-off fund

Balance, as at 31 December	<u>47,153,020,514</u>	<u>47,153,020,514</u>
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26 Capital fund*

Balance, as at 1 January,	31,979,027,088	31,214,274,252
Additions during the year	4,000,109,499	899,752,836
Constituency project allocation**	(125,000,000)	(135,000,000)
Balance, as at 31 December,	<u>35,854,136,587</u>	<u>31,979,027,088</u>

* These are funds received from the Federal Government (the sole shareholder) through annual budgetary allocations, to fund capital projects.

** Constituency projects are projects of the National Assembly, and do not belong to the Company.

27 Retained earnings

Balance, as at 1 January	(51,794,726,946)	(44,358,726,520)
Transfer from profit or loss account during the year	(6,958,378,475)	(7,429,194,341)
Operating surplus to Accountant General of the Federation	-	(6,806,085)
Balance, as at 31 December,	<u>(58,753,105,421)</u>	<u>(51,794,726,946)</u>

28 Related party transactions and balances

(i) Related parties of the Company are determined based on the fact that these entities have representatives on the Company's Board. The related parties of the Company are as follows:

1. The Federal Ministry of Finance
2. Ministry of Communication and Digital Economy
3. Federal Government of Nigeria - Ultimate Controlling Parent

The following transactions were carried out with related parties:

	31 Dec. 2024	31 Dec. 2023
	N	N
(a) Transactions with related entities		
Federal Government of Nigeria - budgetary allocations received	6,410,013,406	3,590,235,097
Federal Government of Nigeria - Remittance to CRF	(296,594,506)	(121,217,730)
	<u>6,113,418,900</u>	<u>3,469,017,367</u>

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Notes to the financial statements for the year ended 31 December 2024

(b) Key management compensation

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity. The key management personnel are the Company's Executive Directors and senior management staff cadre and above. The compensation paid or payable to key management for employee services as shown below:

	2024	2023
	N	N
(ii) Salaries and other short-term employee benefits		
<i>Executive Directors</i>	60,327,000	87,548,000
<i>Senior management</i>	434,325,080	431,511,022
	<u>494,652,080</u>	<u>519,059,022</u>

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

29 Commitments and Contingent liabilities

(a) Financial commitments

The Company did not charge its assets to secure liabilities of third parties.

The Directors are of the opinion that all known liabilities and commitments have been taken into account in the preparation of these financial statements.

(b) Litigations and claims

The Company is involved in a number of litigations and claims in some ongoing cases in some Nigerian courts. Based on management assessment and legal advice, none of the cases are likely to succeed against the Company or lead to any material loss, and as such no provisions have been made in these financial statements.

(c) Comparative figures

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Some comparative figures have been restated in line with the current year's presentation.

30 Events after the reporting date

There are no events after the reporting date which could have a material effect on the affairs of the Company which have not been provided for / disclosed.

31 Report on Internal Control over Financial Reporting (ICFR)

The Financial Reporting Council of Nigeria, has granted a one year extension to Public Sector Entities (PSE) for the execution of their report on Internal Control over Financial Reporting (ICFR). The Company shall effect compliance accordingly in its audited financial statements for the year ended 31 December 2025.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements (cont'd)

32 Risk Management

(a) Introduction and Overview of Company's financial risk management

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

Financial risk management overview

The main risks that the Company is facing and actively monitoring and managing are the following:

i Market risk

Market risk is the risk of potential loss in asset positions arising from movements in market prices. Market risk can arise from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant factors such as market volatilities.

Market risk is the risk of potential losses in asset positions arising from movements in market prices. Market risks can arise from adverse changes in interest rates, foreign exchange rates, equity prices, commodity prices and other relevant factors such as market volatilities. The objective of market risk management activities is to continuously identify, manage and control market risk exposure within acceptable parameters, while optimizing the return on risks taken. The Company has no formal market risk management procedure because of its limited exposure. The company is exposed to the general economic condition of variable interest rate and exchange rate volatility in Nigeria.

a Foreign exchange risk

Exchange rate risk arise from payment obligations to suppliers, technical partners and subscriptions denominated in foreign currencies. The risk would be mitigated by receipts from international customers in foreign currencies.

The company's financial instruments exposed to foreign exchange risk categorized by currency at the reporting date, is as shown below:-

As at 31 December 2024	Naira component	Dollar component	Total
	N'000	N'000	N'000
Cash and cash equivalent	5,255,704	52,078	5,307,782
Creditors and accruals	(869,455)	(6,306,761)	(7,176,216)
Net exposure	<u>4,386,249</u>	<u>(6,254,683)</u>	<u>(1,868,435)</u>
As at 31 December 2023			
	Naira component	Dollar component	Total
	N'000	N'000	N'000
Cash and cash equivalent	3,014,788	29,411	3,044,199
Creditors and accruals	(970,434)	(3,534,636)	(4,505,070)
Net exposure	<u>2,044,354</u>	<u>(3,505,225)</u>	<u>(1,460,871)</u>

b Interest rate risk

Company do not have any borrowings that attract interest exposure at the reporting date.

c Equity and commodity price risk

The Company is not exposed to equity and commodity price risk because there are no investments in quoted equities and commodities held by the Company.

ii Credit risk

Credit risk represents the Company's exposure to potential losses deriving from the non-performance of counterparties (distributors and customers) and other debtors. Credit risk arises from cash and cash equivalents and credit exposures to outstanding receivables and committed transactions.

Below is a breakdown of the Company's financial assets that are exposed to credit risk and the maximum credit risk exposure before collateral held or other credit enhancements as at the reporting date.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements (cont'd)

a Financial instruments exposed to credit risk

Asset	Maximum exposure	
	31 Dec. 2024	31 Dec. 2023
	N'000	N'000
Cash and cash equivalents	5,307,782	3,044,199
Trade and other receivables	2,141,232	1,917,277
Investment securities at FVOCI	465,600	465,600
Total	7,449,014	4,961,476

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

Impairment	31 Dec. 2024	31 Dec. 2023
	N'000	N'000
Impairment loss on trade receivables	189,121	569,457
	189,121	569,457

c Trade receivables

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

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

31 Dec. 2024	Trade receivables			Total
	Days past due			
	Less than 180 days	180 to 360 days	Over 360 days	
	N'000	N'000	N'000	N'000
Total gross carrying amount	139,854	49,987	1,873,554	2,063,395
Expected credit loss rate	1.26%	12.43%	100%	
Expected credit loss amount	1,762	6,213	1,873,554	1,881,529

31 Dec. 2023	Trade receivables			Total
	Days past due			
	Less than 180 days	180 to 360 days	Over 360 days	
	N'000	N'000	N'000	N'000
Total gross carrying amount	50,458	168,167	1,679,132	1,897,757
Expected credit loss rate	1.46%	17.56%	100%	
Expected credit loss amount	737	29,530	1,679,132	1,709,399

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 360 days past due.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against same line item.

iii Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due. Liquidity risk is not viewed in isolation, because financial risks are not mutually exclusive and liquidity risk is often triggered by consequences of other Company's risks such as credit, market and operational risks. The Company uses both long term and short term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow forecasting is performed by the finance department through budgeting and quarterly budget report.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements (cont'd)

(b) Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide benefits for its stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

The Company considers its capital structure to include common share capital, capital appropriations and special take off grant from the Federal Government of Nigeria, and net working capital (defined as cash and cash equivalents, accounts receivable and other receivables and other current assets less accounts payable and accrued liabilities less other current liabilities).

The Company relies on the cash resources available from income on services provided, capital contributions and budgetary allocations (personnel and overhead) by the Federal Government of Nigeria.

Capital is defined by total shareholder's fund and it is monitored regularly by the Company's management. The Company is not subject to an externally or regulatory imposed capital.

33 Fair value of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Company has access at that date. When one is available, the Company measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

IFRS 7 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Group's market assumptions. These two types of inputs have created the following fair value hierarchy.

(i) Fair value hierarchy

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

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

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

Financial Statements for the Year ended 31 December 2024

Notes to the financial statements (cont'd)

(ii) Fair value of financial assets and liabilities

The carrying values of financial assets and liabilities on the statement of financial position approximates their fair values. Trade and other receivables / payables, financial asset at fair value through OCI, cash and cash equivalents are the Company's short term financial instruments. Accordingly, management is of the opinion that their fair values are not expected to be materially different from their carrying values.

Below are the company's financial instruments and their fair value hierarchy at the reporting date:

31 December 2024				
Financial instrument classification	Note	Carrying value N '000	Fair value N '000	Fair value hierarchy
Financial assets at amortised cost				
Cash and cash equivalent	21	5,307,782	5,307,782	1
Trade and other receivables	20	259,703	259,703	1
		5,567,484	5,567,484	
Financial asset at fair value through OCI				
Investment security	18	-	-	2
Financial liabilities at amortised cost				
Payables and accruals	22	7,176,216	7,176,216	1

31 December 2023				
Financial instrument classification		Carrying value N '000	Fair value N '000	Fair value hierarchy
Financial assets at amortised cost				
Cash and cash equivalent	21	3,044,199	3,044,199	1
Trade and other receivables	20	208,119	208,119	1
		3,252,318	3,252,318	
Financial asset at fair value through OCI				
Investment security	18	-	-	2
Financial liabilities at amortised cost				
Payables and accruals	22	4,505,070	4,505,070	1

OTHER NATIONAL DISCLOSURES

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

STATEMENT OF VALUE ADDED

	2024 N'000	%	2023 N'000	%
Revenue	4,982,325		5,051,177	
Less bought-in materials and services:	(5,749,675)		(5,582,474)	
Value added	(767,350)	100	(531,297)	100
Distributed as follows				
Employees:				
To pay salaries, wages and other staff costs	2,366,780	(308)	2,769,397	(521)
Maintenance of assets:				
Depreciation and amortization	3,824,249	(498)	4,128,500	(777)
Future				
Transfer to retained earnings	(6,958,378)	907	(7,429,194)	1,398
Value added	(767,350)	100	(531,297)	100

Value added represents the wealth created through the use of the Company's assets by its employees and re-investments for the future creation of wealth.

NIGERIAN COMMUNICATIONS SATELLITE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

FIVE YEAR FINANCIAL SUMMARY

31 December	2024	2023	2022	2021	2020
	N'000	N'000	N'000	N'000	N'000
<i>Statement of Financial Position</i>					
Assets					
Property, plant and equipment	25,394,516	28,161,780	31,234,428	32,458,133	35,649,361
Capital work -in- progress	155,152	155,152	176,524	176,524	155,152
Intangible assets	0	0	26,921	115,464	213,607
Other assets	6,255,056	7,818,820	9,382,584	-	-
Equity securities - FVOCI	-	-	-	-	-
Current assets	5,899,486	3,546,566	5,276,176	6,396,575	1,447,100
Net Assets	37,704,210	39,682,318	46,096,633	39,146,697	37,465,220
Financed By:					
Share capital	10,000	10,000	10,000	10,000	10,000
Take- off fund	47,153,021	47,153,021	47,153,021	47,153,021	47,153,021
Capital fund	35,854,137	31,979,027	31,214,274	27,788,022	23,047,663
Retained earnings	(58,753,105)	(51,794,727)	(44,358,727)	(38,776,800)	(34,628,567)
Liabilities	13,440,158	12,334,997	12,078,064	2,972,454	1,882,903
	37,704,210	39,682,318	46,096,633	39,146,697	37,465,220
<i>Profit or loss account</i>					
Income					
Internally generated revenue	2,447,421	2,215,943	2,145,902	1,229,061	800,471
Personnel allocation	2,366,780	2,769,398	2,651,850	2,579,934	2,497,260
Overhead allocation	168,124	56,084	57,918	63,183	38,401
Finance income	-	9,752	771	505	4,631
	4,982,325	5,051,177	4,856,441	3,872,683	3,340,763
Cost					
Direct operational cost	4,508,557	3,723,934	1,976,325	752,530	428,567
Personnel cost	2,366,780	2,769,398	2,651,851	2,579,934	2,497,260
Administrative expenses	755,403	1,167,865	1,310,897	541,576	512,535
Remittable to the Federation account	296,595	121,218	118,178	113,362	140,662
Depreciation and amortisation	3,824,249	4,128,500	4,081,530	4,008,275	4,176,827
Impairment charges / provision	189,121	569,457	299,587	25,239	3,501
	11,940,703	12,480,371	10,438,368	8,020,916	7,759,352
Loss for the year	(6,958,378)	(7,429,194)	(5,581,927)	(4,148,233)	(4,418,589)