

UNION DICON SALT PLC
UNAUDITED FINANCIAL STATEMENTS
31ST DECEMBER 2023

	NOTES	4TH QTR		YEAR TO DATE	
		2023	2022	2023	2022
		N'000	N'000	N'000	N'000
Revenue	7	-	-	-	-
Cost of sales	8	-	-	-	-
Gross profit		-	-	-	-
Other operating income	9	16,625	79,644	302,178	140,134
Administrative expenses	10	(42,631)	(70,792)	(183,844)	(185,093)
Profit before tax		(26,006)	8,852	118,334	(44,959)
Current tax expense	13(i)	-	-	-	33,523
Profit for the year		(26,006)	8,852	118,334	(11,436)
Other comprehensive income		-	-	-	-
Total comprehensive Profit/(Loss)		(26,006)	8,852	118,334	(11,436)

The accompanying notes on pages 6 to 24 and other national disclosures on pages 25 and 26 form an integral part of these financial statements.

UNION DICON SALT PLC
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2023

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Assets	Notes	2023		2022		DECEMBER 2022	
		N'000	N'000	N'000	N'000	N'000	N'000
Non-current							
Property, plant and equipment	14	45,728		43,900		43,546	
Investment in subsidiary	15	<u>57,682</u>	103,410	<u>57,682</u>	101,582	53,981	97,527
Current Assets							
Trade and other receivables	16	13,845		1,191		4,672	
Cash and cash equivalents	21	<u>55,663</u>		<u>94,553</u>		<u>90,470</u>	
		69,508		95,744		95,142	
Current liabilities							
Trade and other payables	17	(1,278,220)		(1,542,916)		(1,451,609)	
Current tax liabilities	13(iii)	<u>(59,379)</u>		<u>(53,593)</u>		<u>(60,080)</u>	
		(1,337,599)		(1,596,509)		(1,511,689)	
Net current liabilities			(1,268,091)		(1,500,765)		(1,416,546)
Total assets less current liabilities			(1,164,681)		(1,399,183)		(1,319,020)
Non-current liabilities							
Employee benefit liabilities	18	(60,002)		(61,552)		(61,252)	
Deferred tax liabilities	13(v)	<u>(5,384)</u>		<u>(39,591)</u>		<u>(5,384)</u>	
			(65,386)		(101,143)		(66,636)
Net liabilities			<u><u>(1,230,067)</u></u>		<u><u>(1,500,326)</u></u>		<u><u>(1,385,656)</u></u>
Equity							
Share capital	19(a)		136,673		136,673		136,673
Share premium	19(b)		250,638		250,638		250,638
Actuarial Valuation Reserve			65,692		65,692		65,692
Revenue reserve	20		<u>(1,683,071)</u>		<u>(1,953,330)</u>		<u>(1,838,659)</u>
Total equity			<u><u>(1,230,067)</u></u>		<u><u>(1,500,326)</u></u>		<u><u>(1,385,656)</u></u>

The financial statements were approved by the Board of Directors on, 18th January 2024 and signed on its behalf by:

(i) LT. General T.Y Danjuma (RTD), GCON Chairman FRC/2013/IODN/00000003130



(ii) Florence S. Iroye Ag. Managing Director FRC/2021/002/00000023527



(iii) Adebunmi Amos Financial Controller FRC/2014/ICAN/00000006105



The accompanying notes on pages 6 to 24 and other national disclosures on pages 25 and 26 form an integral part of these financial statements.

UNION DICON SALT PLC
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER, 2023

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	Share Capital N'000	Share Premium N'000	Reserve for Actuarial Valuation N'000	Restated Earnings N'000	Total Equity N'000
Balance at 1 January 2023	136,673	250,638	65,692	(1,838,659)	(1,385,656)
Comprehensive income for the year:					
Profit for the year	-	-	-	118,334	118,334
Other comprehensive income	-	-	-	-	-
Total comprehensive Profit /(Loss) for the year	-	-	-	118,334	118,334
Transactions with owners recorded directly in equity	-	-	-	-	-
Balance at 31 DECEMBER 2023	136,673	250,638	65,692	(1,720,325)	(1,267,322)
Balance at 1 January 2022	136,673	250,638	65,692	(1,827,223)	(1,374,220)
Comprehensive income for the year	-	-	-	-	-
Profit/(Loss) for the year	-	-	-	(11,436)	(11,436)
Other comprehensive income	-	-	-	-	-
Total comprehensive Loss for the year	-	-	-	(11,436)	(11,436)
Transactions with owners, recorded directly in equity:	-	-	-	-	-
Balance at 31 December 2022	136,673	250,638	65,692	(1,838,659)	(1,385,656)

The accompanying notes on pages 8 to 23 and other National disclosures on pages 24 and 25 form an integral part of these financial statements.

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 N'000	2022 N'000
Cash flows from operating activities			
Profit YTD		118,334	(11,436)
Adjustments for non cash items:			
Depreciation of property, plant and equipment	14	1,694	1,112
Accruals	18(e)	25,111	-
Income tax expense	13(i)	-	(33,523)
		<u>145,139</u>	<u>(43,847)</u>
Changes in working capital			
(Increase)/decrease in other receivables	16	(10,729)	(4,162)
(Decrease)/increase in employee benefit liabilities	18(d)	(1,250)	(1,104)
Decrease in trade and other payables	17	(163,389)	129,489
Decrease in Tax Liabilites		(0)	-
Tax paid	13	(700)	(2,991)
Cash generated from operations		<u>(30,931)</u>	<u>77,385</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(3,876)	(1,270)
Purchase of Shares		-	-
Net cash outflow from investing activities		<u>(3,876)</u>	<u>(1,270)</u>
Net increase in cash and cash equivalents		(34,807)	76,115
Cash and cash equivalents at the beginning of the year		<u>90,470</u>	<u>14,355</u>
Cash and cash equivalents at the end of the quarter	22	<u><u>55,663</u></u>	<u><u>90,470</u></u>

1) **Corporate information and principal activities**

Dicon Salt Limited and Union Salt Limited were incorporated as private limited liability companies on 11 October 1984 and 30 May 1991 respectively. The Companies merged and simultaneously converted into a public limited liability company on 7 May 1993 to become Union Dicon Salt Plc. The Company became listed on the official listing of the Nigerian Stock Exchange on 23 September, 1993.

The principal activity of the Company is the processing of crude salt. The issued share capital of the Company is held thus: 23.41% by Aims Limited, 12.66 by CBO Capital Partners, 16.10% by Defence Industries Corporation, 12.25% by Danjuma T.Y, 6.71% by Taraba Fisheries Ltd, 6.92% by T.Y. Holdings Ltd, 3.53% by UDS Plc (Staff Trust Fund) and 18.42% by others.

Its registered office is at Phase 2, NPA Kirikiri Lighter Terminal Apapa Lagos.

2) **Basis of preparation**

a **Statement of compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and in compliance with the requirements of the Companies and Allied Matters Act, 2020 and Financial Reporting Council of Nigeria Act No 6, 2011.

b **Basis of measurement**

The financial statements have been prepared under the historical cost concept except for certain financial instruments which were measured at fair value as mentioned in the accounting policies below.

c **Functional and presentation currency**

The Company's functional and presentation currency is the Nigerian Naira. The financial statements are presented in Nigerian Naira and have been rounded up to the nearest thousand except where otherwise stated.

d **Use of estimates and judgement**

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgments. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

3 **New standards, interpretations and amendments**

(a) **New standards, interpretations and amendments adopted from 1 January 2022**

New standards effective for adoption in the annual financial statements for the year ended 31 December 2022 but had no significant effect or impact on the Company are:

Standard/Interpretation		Date Issued by IASB	Effective date periods beginning on or after
IAS 37	Onerous Contracts - Cost of Fulfilling a Contract	14 May 2022	1 January 2022
Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	Annual Improvements to IFRS Standards 2018-2020	14 May 2020	1 January 2022
IAS 16	Property, Plant and Equipment – Proceeds before Intended Use (Amendments to IAS 16)	14 May 2020	1 January 2022
(b) IFRS 3	Reference to the Conceptual Framework	14 May 2020	1 January 2022

The following are the new standards and interpretations that have been issued, but are not mandatory for the financial year ended 31 December 2022. They have not been adopted in preparing the financial statements for the year ended 31 December 2022.

In terms of International Financial Reporting Standards, the company is required to include in its financial statements disclosure about the future impact of standards and interpretations issued but not yet effective at reporting date.

At the date of authorisation of the financial statements of the Company for the year ended 31 December 2022, the following standards and interpretations were in issue but not yet effective:

Standard/Interpretation		Date issued by IASB	Effective date periods beginning on or after
IAS 1	Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)	12 February 2021	1 January 2023
IAS 8	Definition of Accounting Estimates (Amendments to IAS 8)	12 February 2021	1 January 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction (Amendments to IAS 12)	7 May 2021	1 January 2023
IFRS 16	Lease liability in a Sale and Leaseback (Amendments to IFRS 16)	22 September 2022	1 January 2024
IAS 1	Non-current liabilities with covenants	31 October 2022	1 January 2024
IAS 1	Classification of liabilities as current or non-current	31 October 2022	1 January 2024

*All standards and interpretations will be adopted at their effective date (except for those standards and interpretations that are not applicable to the Entity).

4) **Critical accounting estimates and judgements**

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i) **Legal proceedings**

The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

ii) **Income and deferred taxation**

The Company incurs corporate tax liability and recognises changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly apply at times a very complex sets of rules to recognise changes in applicable rules and in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

iii) **Impairment of property, plant and equipment and intangible assets**

The Company assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Company's estimated value in use.

The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flow generating assets.

iv) **Estimates of useful lives and residual value**

The estimates of useful lives and residual values of property, plant and equipment impact the annual depreciation charge. The useful lives and residual values are based on management experience and the condition of the assets. Consideration is given to management's intended usage policy for the assets in the future and potential market prices of similar assets.

5) **Summary of significant accounting policies**

The Company's accounting policies set out below have been applied consistently to all years presented in these financial statements.

a) **Foreign currency transactions**

In preparing the financial statements of the Company, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions and any exchange differences arising are included in the income statement of the reporting period.

Monetary items denominated in foreign currency are translated using the closing rate as at the reporting date. Non-monetary items measured at historical cost denominated in a foreign currency are translated with the exchange rate as at the date of initial recognition; non monetary items in a foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement.

All foreign exchange gains and losses recognised in the income statement are presented net in the Income statement within other operating income and operating expenses respectively. Foreign exchange gains and losses on other comprehensive income items are presented in other comprehensive income within the corresponding item.

b) **Revenue**

The Company supplies salt in the wholesale market. Sales are recognized when control of the goods has transferred, being when the goods are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the goods, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the goods. Delivery occurs when the goods have been transported to the specific location of the wholesaler and either the wholesaler has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the company has objective evidence that all criteria for acceptance have been satisfied.

The goods is often sold with volume discounts based on aggregate sales value over a 12 months period. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate and provide for the discounts, using the most likely value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability (included in trade and other receivables) is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The Company's obligation to replace expired goods under the standard warranty terms is recognized as a provision.

A receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

c) **Finance income and finance expense**

Interest income on short-term deposits is recognised by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount in the income statement.

Dividend income from investments is recognised in the income statement when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company) and the amount of income can be measured reliably.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss where the Company holds such financial assets and impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in the income statement.

d) **Property, plant and equipment**

i) **Recognition and measurement**

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Items of property, plant and equipment under construction are disclosed as capital work in progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

ii) **Subsequent costs**

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is then derecognised. The costs of the day-to-day servicing and maintenance of an item of property, plant and equipment are recognised in the income statement during the period in which they are incurred.

iii) **Depreciation**

Depreciation is calculated on items of property, plant and equipment to write down the cost of each asset to its residual value over its estimated useful life. No depreciation is charged on items of property, plant and equipment until they are brought into use.

The principal annual rates used for this purpose, which are consistent with those for the previous years, are as follows:

Type of asset	%
Building	2
Plant and machinery	10
Computer equipment	25
Furniture and fittings	20

The assets depreciable methods, useful lives and residual values are reviewed annually and adjusted if necessary. The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

iv) **Derecognition**

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gains or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement within 'Other income or operating expenses' in the year that the asset is derecognised.

e) **Impairment of non-financial assets**

Non-financial assets other than inventories are reviewed at each reporting date for impairment or 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 cost to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they have separately identifiable cash flows (cash-generating units).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

f) Inventory

Inventory include salt, engineering items, bags and other consumables. Inventories are valued at the lower of cost and net realizable value. Cost includes the cost of the products, the landing cost and the expenses/charges associated with the conveyance of the inventory to the warehouse. Costs of the products are determined using the average cost methods. Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale. Adequate provision is made for slow moving, obsolete and defective inventories to ensure that the value at which inventories is held at the reporting date is reflective of anticipated future sales patterns.

g) Financial instruments

a) Financial assets

Financial assets are initially recognised at fair value plus directly attributable transaction costs. Subsequent remeasurement of financial assets is determined by their designation that is revisited at each reporting date.

i) Classification as trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. Details about the Company's impairment policies and the calculation of the loss allowance are provided in the subsequent paragraph.

ii) Classification of financial assets at amortised cost

The Company classified its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

iii) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Company. Interest may be charge at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payment within three years from the end of the reporting period.

iv) Prepayments

Prepayments are payments made in advance relating to the following year and are recognised and carried at original amount less amounts utilised in the statement of profit and loss and other comprehensive income.

v) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of reporting cash flows, cash and cash equivalents include cash on hand, bank balances, investments in money market instruments with maturity dates of less than three months and are risk free net of bank overdraft.

vi) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expires, or when it transfers substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the income statement.

vii) Financial liabilities and equity instruments

Financial liabilities are initially recognised at fair value when the Company becomes a party to the contractual provisions of the liability. Subsequent measurement of financial liabilities is based on amortized cost using the effective interest method. The Company financial liabilities include trade and other payables.

Financial liabilities are presented as if the liability is due to be settled within 12 months after the reporting date, or if they are held for the purpose of being traded. Other financial liabilities which contractually will be settled more than 12 months after the reporting date are classified as non-current.

a) Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

b) Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and no longer at the discretion of the Company. Dividends for the year that are approved after the balance sheet date are disclosed as an event after reporting period.

c) De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in income statement.

h) 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.

i) Impairment of financial instruments

The Company has trade receivables for the sales of inventory that is subject to the expected credit loss model.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables has been grouped based on shared credit risk characteristics and the days past due. The Company has therefore concluded that the expected loss rates for trade receivable are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of customers over a period of 36 months from 31 December 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

j) Taxation

i) Current income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in Nigeria where the Company operates and generates taxable income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. The Company is subject to the following types of current income tax:

- . Company Income Tax - This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act, Cap C21, LFN 2004 as amended to date
- . Tertiary Education Tax - Tertiary education tax is based on the assessable income of the Company and is governed by the Tertiary Education Trust Fund (Establishment) Act, LFN 2011 (Amended)

ii) Deferred tax

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

- . temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- . taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is provided for using the liability method, which represents taxation at the current rate of corporate tax on all timing differences between the accounting values and their corresponding tax written down values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

k) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. The Company recognises wages, salaries, bonuses and other allowances for current employees in the income statement as the employees render such services.

A liability is recognised for the amount expected to be paid under short - term benefits, if the company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The Company operates a defined contribution plan as stipulated in the Pension Reform Act, 2014. Under the defined contributory scheme, the Company contributes 10%, while its employees contribute 8% of their annual basic, housing and transport allowances to the scheme. Once the contributions have been paid, the Company retains no legal and constructive obligation to pay further contributions if the fund does not hold sufficient assets to finance benefits accruing under the retirement benefit plan. The Company's obligations are recognised in the income statement as administrative expenses (employee benefits) when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

(iii) Defined benefits plan

Defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. The liability in respect of a defined benefit pension plan is the present value of the defined obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for un-recognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows, using interest rate of government bond. Actuarial gains and losses arising from experience adjustment and changes in actuarial assumption are charged or credited to equity in other comprehensive income in the period which they arise.

l) **Provisions**

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

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 recognized 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. The unwinding of the discount is recognised as a finance cost.

m) **Share capital, reserves and dividends**

i) **Share capital**

Share capital represents the nominal value of shares that have been issued.

ii) **Reserves**

Reserves include all current and prior periods' retained earnings.

iii) **Dividends**

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the company's shareholders. Interim dividends are deducted from equity when they are declared. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position.

n) **Related party transactions**

Related parties include the related companies, the directors and any employee who is able to exert significant influence on the operating policies of the company. Key management personnel are also considered related parties. 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 Company considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Where there is a related party transactions with the company, the transactions are disclosed separately as to the type of relationship that exists with the company and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

6) **Financial instruments - risk management**

The Company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price risk, and
- Liquidity risk.

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

ii) **Financial instruments by category**
Financial assets

	Loans and receivables	
	2023	2022
	N'000	N'000
Cash and cash equivalents	55,663	90,470
Trade and other receivables	13,845	4,672
Total financial assets	69,508	95,142
Total liabilities	Financial liabilities at amortised cost	
	2023	2022
	N'000	N'000
Trade and other payables	1,278,220	1,542,916

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance department. The Board receives monthly reports from the Company's Accountant through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Company's Accountant also reviews the risk management policies and processes and reports his findings to the Board.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below:

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from rental income. The Company is not exposed to credit risk from sales of products as it is currently not trading.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company is currently experiencing difficulty in meeting its financial obligations as they fall due. However, efforts are being made by the Board to ensure that the Company can start the production and sales of salt in order to generate income for its working capital requirements.

Capital management

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

Management is currently addressing this effectively. As part of the measures to sustain the going concern, the Company has entered into a joint venture arrangement with Joatalim Logistic Limited. This arrangement currently fetches the sum of N230 million annually to sustain the administrative and other overhead costs. The company is of the view that it will continue to operate for the foreseeable future.

Proper attention is focused on the impact of the negative working capital and net liabilities respectively. To facilitate this, the management is committed to engage in productive activities this year with the approval by the Board to revive salt production and diversify into other business opportunities. As part of the measures to sustain the going concern, the amount due to the related parties will not be required for immediate repayment until the Company returns to profitable position.

	DECEMBER 2023	DECEMBER 2022	DECEMBER 2022
7) Revenue			
Revenue arises from:	N'000	N'000	N'000
Gross sales of salt less rebate	-	-	-
8) Cost of sales	N'000	N'000	N'000
Staff costs	-	-	-
Rent	-	-	-
Maintenance	-	-	-
Others	-	-	-
9) Other operating income	N'000	N'000	N'000
This comprises:			
Rental income	-	-	130,729
Dividend income	-	-	3,375
Other income	16,625	79,644	6,030
Curtailment (Note 18 (d))			-
	16,625	79,644	140,134
10) Administrative expenses	N'000	N'000	N'000
Staff costs	9,791	6,059	39,314
Annual General Meeting (AGM)	-	5,870	3,400
Repairs and maintenance	831	294	4,082
Travelling & Transport	695	390	2,980
Office expenses	1,197	261	3,204
Audit fee	1,500	-	1,613
Professional fees	8,800	3,050	10,764
Telephone and Internet	189	144	1,247
Printing & Stationery	-	14	1,786
Depreciation of property, plant and equipment	1,694	648	1,112
Business promotion	3,009	735	4,435
Board Expenses	800	-	4,855
Lease Payment to NPA	14,104	50,287	102,134
Bank Charges	22	43	287
Corporate Subscription	-	500	3,880
Medical Expenses	-	-	-
Business Gift/Donation	-	600	-
Other Expenses	-	1,898	-
	42,631	70,792	185,093

NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
11) Profit / (Loss) for the year is arrived at after charging:	N'000	N'000
Depreciation on property, plant and equipment	1,694	1,112
Audit fees	1,500	1,500
Directors' emoluments	0	0

12) Employee benefit expenses	N'000	N'000
Employee benefit expenses comprise:		
Wages and salaries	9,791	39,314
Defined contribution pension costs	9,791	39,314

- 13) **Taxation**
Current Income tax

Taxation for the period in the income statement represents deferred tax, education tax and company income tax.

i) Profit and loss account	N'000	N'000
Company income tax	-	-
Education tax	-	-
Nigeria Police Trust Fund Levy	-	684
Deferred tax	-	34,207
	-	(33,523)

Income tax recognised in profit or loss

The charge for taxation in these financial statements is computed in accordance with the provisions of the Companies Income Tax Act, CAP E4 LFN, 2004 as amended. The Company's education tax is computed in accordance with the provisions of Education Tax Act, CAP E4 LFN, 2004 as amended.

ii)

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

	N'000	N'000
Profit before tax:	118,334	(44,454)
Tax at the statutory corporation tax rate of 30%	-	(13,488)
Effect of income that is exempt from taxation	-	-
Effect of expenses that are not deductible in determining taxable profit	-	-
Loss (relieved)	-	-
Education tax at 2% of assessable profit	-	-
Balancing charge/(allowance)	-	-
Nigeria Police Trust Fund Levy	-	-
Capital allowances absorbed	-	-
Minimum tax	-	684
Deferred tax provisions	-	(34,207)
Tax expense recognised in profit or loss	-	(47,011)
Effective rate	-	-

There is no reconciliation of income tax expense disclosed in these financial statements as the company is not liable to income tax.

iii) Statement of financial position	N'000	N'000
Balance at the beginning of the year		
Income tax	60,080	62,387
Education tax	-	-
	60,080	62,387
Payments during the year:		
Income tax	(700)	(2,991)
Provision for the year:		
Company income tax	-	-
Nigeria Police Trust Fund Levy	-	-
Education tax	-	-
Minimum tax	-	684
Balance at the end of June	59,379	60,080

NOTES TO THE FINANCIAL STATEMENTS

iv) Current tax assets and liabilities

Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting periods:

	Property, plant and equipment N'000	Recognised in other comprehensive income N'000	Allowance on inventory N'000	Total N'000
At 1 January 2022	39,591	-	-	39,591
Charged to profit or loss	-	-	-	-
Charged to other comprehensive income	-	-	-	-
Reclassification from equity to profit or loss	-	-	-	-
At 31 December 2022	39,591	-	-	39,591
Charged to profit or loss	(34,207)	-	-	(34,207)
Charged to other comprehensive income	-	-	-	-
Reclassification from equity to profit or loss	-	-	-	-
At 31 December 2023	5,384	-	-	5,384

v) Deferred tax liabilities

	2023 N'000	2022 N'000
Balance at the beginning of the year	5,384	39,591
Charge for the year	-	-
Balance at the end of September	<u>5,384</u>	<u>39,591</u>

14) Property, plant and equipment

	Leasenoia Land & Buildings N'000	Plant & machinery N'000	Fittings and Equipment N'000	Computer equipment N'000	Total N'000
Cost					
At 1 January 2022	66,082	1,131,666	167,027	12,592	1,377,367
Additions	-	-	645	625	1,270
Impairment (Note 14(a))	-	-	-	-	-
At 31 December 2022	66,082	1,131,666	167,672	13,217	1,378,637
At 1 January 2023	66,082	1,131,666	167,672	13,217	1,378,637
Additions	-	-	1,864	2,012	3,876
At 31 December 2023	66,082	1,131,666	169,536	15,229	1,382,513
Accumulated depreciation and impairment					
At 1 January 2022	22,782	1,131,666	167,027	12,504	1,333,979
Depreciation charge for the year	796	-	127	189	1,112
At 31 December 2022	23,578	1,131,666	167,154	12,693	1,335,091
At 1 January 2023	23,578	1,131,666	167,154	12,693	1,335,091
Depreciation charge for the year	796	-	373	525	1,694
Disposal	-	-	-	-	-
Impairment	-	-	-	-	-
At 31 December 2023	24,374	1,131,666	167,527	13,218	1,336,785
Carrying amounts					
At 31 December 2023	41,708	-	2,009	2,011	45,728
At 31 December 2022	43,300	-	-	88	43,388

None of the Company's assets is held under lease

None of the Company's assets is pledged as collateral for loan

No contractual commitment to acquire asset during the year.

NOTES TO THE FINANCIAL STATEMENTS

15) <u>Investment in subsidiary</u>	2023	2022
	N'000	N'000
Witt & Busch Limited	53,981	53,981
Investment in Montgomery	3,701	-
Impairment on Investment	-	-
	<u>57,682</u>	<u>53,981</u>

In 1998, the Company acquired 100% shares of Witt & Busch Limited. The cost of the investment was impaired in 2010 because there was no record of financial performance of the company to evaluate its profitability and viability.

16) <u>Other receivables</u>	N'000	N'000
Amount due from related companies (16(a))	300	300
Staff Loan Account	8,545	670
Other asset	-	3,701
Rent due from Joatelim	5,000	-
Total trade and other receivables	<u>13,845</u>	<u>4,672</u>

(a) <u>Due from related companies</u>	N'000	N'000
Marinvest Nigeria Cold Store	-	-
Witt and Busch Limited	300	300
Impairment on receivables	-	-
	<u>300</u>	<u>300</u>

(b) The Company has no receivables that are used as collateral for security.

(c) The Company does not have financial assets that are past due but not impaired.

17) <u>Trade and other payables</u>	N'000	N'000
Trade payables	-	-
Other payables (Note 17(a))	135,578	336,007
Accruals (Note 17(b))	83,073	57,962
Total financial liabilities excluding loans and borrowings, classified as financial liabilities measured at amortised cost	<u>218,651</u>	<u>393,969</u>
Directors current account	1,004,447	1,004,447
Staff pension (17(c))	55,122	53,193
Total trade and other payables	<u>1,278,220</u>	<u>1,451,609</u>

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates fair value

(a) <u>Other payables</u>	N'000	N'000
PAYE	35,669	34,590
Union Dues	892	733
Deferred income	22,229	223,896
Payable to Joatelim Logistic Limited	59,300	59,300
CBO Capital account	16,534	16,534
Lease Payable to NPA	-	-
Other Payables	-	-
ITF Payable	477	477
NSITF Payable	477	477
	<u>135,578</u>	<u>336,007</u>

(b) <u>Accruals</u>		
Accrued charges	6,968	6,968
Salary payable	-	5,250
Audit fees	1,500	1,613
Lease Payable to NPA	74,111	43,637
NHF	351	351
Staff Trust Fund	143	143
	<u>83,073</u>	<u>57,962</u>

(c) <u>Staff pension</u>	N'000	N'000
Balance at the beginning of the Quarter	54,773	50,877
Addition during the Quarter	759	2,549
Payment during the year	(409)	(233)
	<u>55,122</u>	<u>53,193</u>

18) **Employee benefits liabilities**

- (a) The Company operates a gratuity scheme in line with the provisions of the agreements entered into with Nigeria Labour Congress (NLC)

The benefits payable to members based on the completed number of years served are as follows:

- (i) Less than 2 years of meritorious service - Nil
(ii) 2-9 years of meritorious service - 150% of monthly gross salary
(iii) 10-20 years of meritorious service - 200% of monthly gross salary
(iv) More than 20 years - 250% of monthly gross salary

- b) The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2020 by Bestwole Developments Limited and the report was signed by the Managing Director of the Company Mr. Wole Ogunkoya (FRC/2013/NAS/0000000986). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit.

- c) The principal assumptions used for the purposes of the actuarial valuations were as follows.

	2023	2022
	%	%
Discount rate	8	8
Rate of salary increase	6	6
Rate of inflation	12	12

- d) Reconciliation of change in benefit obligation

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plans is as follows:

	N'000	N'000
Balance at the beginning of the Quarter/Year	60,252	62,356
Current service cost	-	-
Interest cost	-	-
Benefit paid	(250)	(1,104)
Actuarial loss - change in assumption	-	-
Actuarial loss - experience adjustment	-	-
Curtailement	-	-
Balance as at year end	<u>60,002</u>	<u>61,252</u>

- e) Statement of Other Comprehensive Income(OCI)

	N'000	N'000
Actuarial loss on liability during the year due to:		
- Change in assumption	-	-
- Experience adjustment	-	-
	<u>-</u>	<u>-</u>

19) **Share capital**

(a) Authorised shares	2023		2022	
	Number '000	Value N'000	Number '000	Value N'000
Ordinary shares of N0.50 each	300,000	150,000	600,000	300,000
Issued and fully paid	Number	Value	Number	Value
	'000	N'000	'000	N'000
Balance at the beginning of the year	273,346	136,673	273,346	136,673
Addition during the year	-	-	-	-
Balance at the end of the year	<u>273,346</u>	<u>136,673</u>	<u>273,346</u>	<u>136,673</u>

NOTES TO THE FINANCIAL STATEMENTS

	2023	2022
	N'000	N'000
(b) Share premium		
Balance at the beginning and end of the year	250,638	250,638
20) Actuarial reserve	N'000	N'000
Balance at the beginning of the year	65,692	65,692
Gains for the year	-	-
Balance at the end of the year	65,692	65,692
21) Revenue reserve	N'000	N'000
Balance at the beginning of the Quarter	(1,657,064)	(1,827,223)
Post Balancesheet Adjustment	-	-
Profit for the Quarter	(26,006)	(11,436)
Balance at the end of the Quarter	(1,683,071)	(1,838,659)
22) Cash and cash equivalents		
Cash and cash equivalents comprise:	N'000	N'000
Cash at bank available on demand	55,663	90,470

23) **Related party transactions**

Related parties include the Board of Directors, the Executive Board, the Managing Director, close family members and companies which are controlled by these individuals.

The amount of outstanding balances at the year end are as disclosed in Note 16(a) to the financial statements.

Transactions with key management personnel

Key management staff are those persons who have authority and responsibility for planning, directing and controlling the activities of the company.

Key management includes directors (executive and non-executive) and members of the Executive Committee.

Emolument paid to the members of key management personnel during the year is as analysis below:

	N'000	N'000
Short term benefits	-	-
Other employee benefits	-	-
	-	-

UNION DICON SALT PLC

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NOTES TO THE FINANCIAL STATEMENTS

24) Contingent liabilities

In the normal course of the business, there were a number of legal suits outstanding against the Company. A judgement was delivered at both the Lagos State High Court and the Court of appeal in the case of Abimbola Hundeyin V. (1) Mr. Archibong Nkana (2) Union Dicon Salt Plc (3) The Registrar of Titles; Lagos State Lands Registry. (Appeal No: CA/L/39M/11) where both courts awarded Ten Million Naira (N10,000,000) damages against Union Dicon Salt Plc. Also a judgement was delivered at both the Lagos State High Court and the Court of appeal in the case of Mr Augustine Omamegbe V. Union Dicon Salt Plc. (Appeal No: SC. 709/16) where the courts awarded Fourteen Million, Eight hundred and Ninety thousand, Four Hundred and Eleven Naira (N14,890,411) damages against Union Dicon Salt Plc. The Company has appealed against both judgements at the Supreme Court. On the advice of the counsel, the Board of Directors are of the opinion that no material losses are expected to arise. Therefore, no provision has been made in the financial statements.

25) Capital commitment

There were no commitments to capital expenditure as at 31 December 2023 (2022: Nil).

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 OTHER NATIONAL DISCLOSURE -
 3 YEAR FINANCIAL SUMMARY

	2023	2022	2021
Revenue			
Profit/ (loss) before taxation	(26,006)	(126,107)	31,029
Taxation	-	-	-
	<u>(26,006)</u>	<u>(126,107)</u>	<u>31,029</u>
Profit /(loss) for the year	<u>(26,006)</u>	<u>(126,107)</u>	<u>31,029</u>
Share capital	136,673	136,673	136,673
Share premium	250,638	250,638	250,638
Retained earnings	(1,683,071)	(1,915,329)	(1,904,666)
Actuarial valuation reserve	65,692	65,692	15,917
Equity	<u>(1,230,067)</u>	<u>(1,462,325)</u>	<u>(1,501,438)</u>
Employment of capital:			
Property, plant and equipment	45,728	44,548	44,036
Investment in subsidiary	57,682	56,481	53,981
Current assets	69,508	7,523	7,717
Total liabilities	<u>(1,402,985)</u>	<u>(1,570,876)</u>	<u>(1,607,172)</u>
Total net liabilities	<u>(1,230,067)</u>	<u>(1,462,325)</u>	<u>(1,501,438)</u>