Industrial and Medical Gases Nigeria Plc

Annual Report and Financial statements
For the year ended 31 December 2022

Table of Contents

Corporate information

Registration number: RC 2035

Tax Identification Number: 00864426-0001

Board of directors:	**Names**	
	Mr. Aminu Ado (Appointed: Non Executive 26/01/22; Chairman 08/07/22)	- Chairman
	Mr. Abiodun Olabode Alabi (Exit 24/06/22)	- Chairman
	Mr. Ayodeji Oseni	- Managing Director
	Mr. Oyeniyi Olawale Oyedele	- Non-executive
	Mr. Adebayo Adeleke	- Non-executive
	Mr. Adeshina Alayaki	- Finance Director
	Mr. Ishaya Danjuma (Appointed 26/01/22)	- Non-executive
	Mrs Adebola Esosa Oluwadeyi (Appointed 26/01/22)	- Non-executive
	Engr Funmilola Ojelade (Appointed 26/01/22)	- Independent non-executive

Company secretary: Mrs Aderonke Segun-Alabi

Registered office:
Plots 1-3, Block H
Oshodi Industrial Estate
Oshodi
Lagos State

Registrar:
First Registrar & Investors Services
2 Abebe Village Road
Iganmu
PMB 12692, Marina
Lagos

Auditor:
Deloitte & Touche
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue,
Victoria Island
Lagos
www.deloitte.com.ng

Principal bankers:
Standard Chartered Bank Nigeria Limited
Zenith Bank Plc
United Bank of Africa
Rand Merchant Bank Nigeria Limited
First Bank of Nigeria Limited
First City Monument Bank Plc
Fidelity Bank Plc
Access Bank

The year at a glance

	2022 ₦'000	2021 ₦'000	% increase /(decrease)
Revenue	5,338,879	3,699,230	44
Results from operating activities	689,814	495,540	39
Profit before income tax	704,386	552,197	28
Income tax expense	(256,043)	(180,177)	42
Profit for the year	448,343	372,020	21
Total comprehensive income for the year	448,343	372,020	21
Declared cash dividend during the year	-	208,122	(100)
Share capital	249,746	208,122	20
Total equity	3,501,418	3,053,075	15
Number of 50 kobo ordinary shares issued	**499,493,646**	**416,244,706**	**20**
Per 50k share data			
Basic earnings per share (kobo)	90	89	1
Dividend per share:			
- Declared during the year (kobo)	-	50	(100)
- Bonus shares (Number of shares)	1 for 5	-	100
Net assets per share (Naira)	7.01	7.33	(4)
Stock exchange quotation at end of year (Naira)	7.4	9.45	(22)
Market capitalisation at end of year (₦:'000)	**3,696,253**	**3,933,512**	**(6)**

Directors' report

The directors present their report on the affairs of Industrial and Medical Gases Nigeria Plc ("the Company") together with the financial statements and the auditor's report for the year ended 31 December 2022.

1 Legal status

Industrial & Medical Gases Nigeria Plc (formerly known as BOC Gases Nigeria Plc hereinafter "the Company"), a public company quoted on the Nigerian Stock Exchange in 1979, was incorporated as a public limited liability company on 12 November 1959 under the name Industrial Gases (Nigeria) Limited. The name was changed on 10 July 1961 to Industrial Gases Limited and thereafter to BOC Gases Nigeria Plc on 17 March 1997. The Company was a subsidiary of BOC Holdings Limited, U.K., which held 60% interest in the equity of BOC Gases Nigeria Plc. The Company's registered office address is Plots 1-3, Block H, Oshodi Industrial Estate, Oshodi, Lagos. In August 2021, BOC Holdings UK sold 60% of all the company shares it owned to TY Holdings Limited. The purchase brings TY Holdings Limited's ownership of the Company to 72%, in addition to the 12% of the Company that it already owned prior to this transaction. This change led to the name of BOC Gases Nigeria Plc being changed to Industrial and Medical Gases Nigeria Plc in August 2021, along with a new logo and trademark. Industrial & Medical Gases Nigeria Limited celebrated its first anniversary as a wholly indigenous business in August 2022.

2 Principal activities

The Company engages in the manufacture of industrial and medical gases as well as the sale of special gases, welding and medical equipment.

3 Operating results

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

	2022 **₦'000**	**2021** **₦'000**
Revenue	5,338,879	3,699,230
Results from operating activities	689,814	495,540
Profit before income tax	704,386	552,197
Profit for the year	448,343	372,020
Total comprehensive income for the year	448,343	372,020
Retained earnings	3,251,672	2,844,953

4 Dividend

The directors have proposed a cash dividend of N0.40k (2021: a stock dividend of one for every five shares) on the issued share capial of 499,493,646 (2021: 416,244,706).

Directors' report (cont'd)

5 Directors and their interests

(a) The directors who served during the year and their interests in the shares of the Company are as follows:

Name	Date appointed/(Exited)	2022 No. of shares	2021 No. of shares
		Interest in the ordinary shares of the Company	
Mr Abiodun Olabode Alabi - Chairman (Deceased)	(24/06/2022)	19,591	16,326
Mr. Aminu Ado - Chairman	08/07/2022	Nil	Nil
Mr Oyeniyi Olawale Oyedele	10/03/2016	10,709,822	8,489,967
Mr Adeshina Alayaki	09/09/2010	90,000	75,000
Mr Adebayo Adeleke	16/06/2016	110,634	529
Mr Ayodeji Oseni	05/07/2016	23,457	19,548
Mr. Ishaya Danjuma	26/01/2022	Nil	Nil
Mrs. Adebola Esosa Oluwadeyi	26/01/2022	Nil	Nil
Engr Funmilola Ojelade	26/01/2022	Nil	Nil

Other than as disclosed above, the directors do not have any other interests required to be disclosed under section 301 of the Companies and Allied Matters Act of Nigeria. In accordance with Section 303 of the Companies and Allied Matters Act of Nigeria, none of the Directors has notified the Company of any declarable interests in contracts with the Company.

6 Responsibilities of the directors for internal control

The Board retains full responsibilities for the overall direction and control of the Company. The directors are responsible for the Company's system of internal control and for monitoring effectiveness. They are also responsible for taking such steps as are reasonably available to safeguard the assets of the Company and to prevent and detect fraud and irregularities.

The directors believe that intelligent risk taking is an important element of the Company's entrepreneurship approach. This means that the business risks need to be managed by applying effective controls. Management is responsible to the Board for the identification and measurement of risks and to confirm that effective systems of controls are in place and that appropriate corrective action is taken.

Systems of internal controls can provide only reasonable, not absolute assurance against material misstatement or loss. Systems of internal control exercised by the Board include:

Systems of internal controls exercised by the Board include:

i. Delegating authority to management within defined areas of responsibility;
ii. Receiving regular reports from management on financial performance and other issues;
iii. Ensuring that a continual assessment is made of all risks and that appropriate measures are taken to mitigate the impact of those risks; and
iv. Maintaining and directing an effective and independent internal audit function, receiving reports of findings as well as taking action thereon.

Directors' report (cont'd)

7 Records of directors' attendance

Further to the provisions of section 284(2) of the Companies and Allied Matters Act of Nigeria, the records of directors' attendance at Board meetings during the year is available at the Annual General Meeting for inspection. In addition, this is disclosed in Note 16(e).

8 Shareholding

The fully paid shares of the Company as at 31 December were beneficially held as follows:

	2022	2021	2022 %	2021 %
TY Holdings Limited	358,001,868	298,234,891	72	72
Nigerian Citizens and other associations	141,491,778	118,009,815	28	28
	499,493,646	**416,244,706**	**100**	**100**

No other shareholder, except as disclosed above, held more than 5% of the issued share capital of the Company at the reporting date.

9 Property, plant and equipment

Information relating to changes in property, plant and equipment is given in Note 18 to these financial statements.

10 Gifts and donations

During the year, the Company made donations/scholarship amounting to N451,000 (2021: N530,000) being scholarship to students of the following schools during the year.

Beneficiaries	**2022 Naira**	**2021 Naira**
Kelly International Academy	230,000	230,000
Martha International School	221,000	200,000
Galaxy International School	-	100,000
	451,000	530,000

In compliance with section 43(2) of the Companies and Allied Matters Act of Nigeria, the Company did not make any donation or gift to any political party, political association or for any political purpose in the course of the year under review (2021: Nil).

11 Business review and future development

The Company intends to continue fulfilling its objectives as stated in its Memorandum and Articles of Association.

12 Major distributors

The Company has a network of distributors and agents throughout Nigeria in order to ensure that its products are brought as close as possible to end-users. The major agents during the year include B. Sanyaolu -Abeokuta and Gregory Emakpor- Benin.

Directors' report (cont'd)

13 Suppliers

The Company procures materials (mainly engineering spare parts, liquid gases and welding equipment) from PentAir, Nikiso Cosmodyne, Brother Gas, Airflow in France, Axxela Nigeria, Settala Italy

The Company's major local suppliers are Orbit Maritime Limited, SCIB Nigeria and Company Limited, Central Horizon Gas Co Limited, Mantrac Nigeria Limited and Gaslink Nigeria Limited. "

14 Employment and employees

(a) Employment of physically challenged persons

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons.

The Company had no physically challenged person in its employment as at 31 December 2022 (2021: Nil).

All employees, whether or not physically challenged, are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues, and that appropriate training is arranged. It is the policy of the Company that the training, career development and promotion of physically challenged persons should, as far as possible, be identical to that of other employees."

(b) Health and safety at work and welfare of employees

Health and safety regulations are in force within the Company's premises and employees are aware of existing regulations. To this end, the Company has various forms of insurance policies, including workmen's compensation and group life insurance, to adequately secure and protect its employees.

(c) Employees' involvement and training

The Company places considerable value on the involvement of its employees and has continued its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the Company.

Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests.

Training is carried out at various levels through in-house and external courses.

Management, professional and technical expertise are the Company's major assets, and the Company has continued the investment in developing such skills."

(d) Dissemination of information

In order to maintain shared perception of our goals, the Company is committed to communicating information to employees in as fast and effective a manner as possible. The Company considers this critical to the maintenance of team spirit and high employee morale.

Directors' report (cont'd)

15 Related party transactions

In terms of the Nigerian Stock Exchange (""NSE"") disclosures on Rules Governing Transactions with Related Party or Interested Persons, effective 1 November 2014, there were no non-recurrent related party transactions entered into during the course of the financial year which equals or exceeds 5% of the net tangible assets or 5% of net tangible assets when aggregated with other transactions entered into with the same related party or 5% of issued share capital.

No recurrent related party transactions, the aggregate value of which equal to or exceeds 5% of the Revenue/Income, have been carried out during the financial year ended 31 December 2022.

Details of all related party transactions during the year are disclosed in Note 27 to these Financial Statements.

16 Corporate governance

Industrial and Medical Gases Nigeria Plc remains committed to ensuring that fair, honest and understandable business practices are integrated into the organizational culture. Sound corporate governance is a way of life within the Company and best practices are followed.

Governance principles are incorporated into all Company's structures, systems and policies which are constantly reassessed and reviewed to ensure that continuous compliance and best practice is adhered to.

Industrial and Medical Gases Nigeria Plc continues to implement the corporate governance rules of the Securities and Exchange Commission as well as those of The Nigerian Stock Exchange.

(a) The Board

The Board of Directors is responsible for setting the direction of the Company by establishing strategic objectives and key policies. The Board monitors compliance with the approved policies and achievements against objectives through quarterly performance reporting and budget updates.

Appointments to the Board are confirmed at its meetings for the new persons either introduced to the Board or short-listed respondents to its advertisement.

The Board ensures that new Directors, over time, but as soon as possible after joining the Board, receive induction and training.

Board meetings are held formally four times a year and ad-hoc meetings are arranged as necessary. Where directors are unable to attend any particular Board meeting, they communicate comments they may have regarding the agenda and general items to the Chairperson to be raised at the relevant meeting.

The agenda and relevant supporting documents are distributed to the directors well before each Board meeting. During the meeting, the appropriate executive director explains and motivates business items where decisions are required. The directors have unrestricted access to all Company information and records.

Directors' report (cont'd)

16 Corporate governance (cont'd)

(a) The Board (cont'd)

The attendance schedule for the year is on Note (e) below.

(b) Composition of the Board

The Board is made up of (Six) Non-Executive directors (including the Chairman), (One) Independent Non-Executive Director, and two (2) executive directors:

Six non-executive directors
Abiodun Olabode Alabi– Chairman (Deceased 24/6/22)
Mr. Aminu Ado (Appointed Chairman 08/07/22)
Oyeniyi Olawale Oyedele (Appointed 11/03/16)
Adebayo Adeleke (Appointed 15/06/16)
Mr. Ishaya Danjuma (Appointed 26/01/22)
Mrs. Adebola Esosa Oluwadeyi (Appointed 26/01/22)

Two executive directors
Ayodeji Oseni – Managing Director
Adeshina Alayaki - Finance Director

One Independent non-executive director
Engr Funmilola Ojelade (Appointed 26/01/22)

(c) The Chairman and Managing Director

The roles of the Chairman and the Managing Director are separate to ensure a balance of power and authority, so that no individual has unfettered powers in decision making.

The Chairman has no executive functions but provides overall leadership of the Board. He, in conjunction with other non-executive directors, monitors and evaluates the performance of the Managing Director to ensure that the strategic and operational objectives of the Company are achieved.

(d) Rotation of directors

At the Annual General Meeting to be held in July 2023, shareholders will be asked to re-elect the directors that are retiring by rotation, Mr. Oyedele and Mr. Adeleke in line with Sec 285(2) of the Company & Allied Matters Act of 2020 and the Company's Articles of Association.

(e) Board committees

While the Board remains accountable and responsible for the performance and affairs of the Company, it delegates to management and Board committees' certain functions to assist in discharging its duties properly. Each Board committee acts within agreed, written terms of reference. The Chairman of each Board committee reports and provides minutes of committee meetings at scheduled Board meetings.

The Board committees' chairmen and members are non-executive directors. The executive directors attend Board committee meetings by invitation. The established committees are shown below:

Directors' report (cont'd)

16 Corporate governance (cont'd)

(e) Board committees (cont'd)

Committee	Purpose	Composition	Meetings
Statutory Audit			
Emmanuel Okafor (Chairman) Mr. Bello Owonikoko Mr. Kenneth Nwosu Mr. Aminu Ado (Up till 8/7/22) Mr. Adebayo Adeleke (Appointed as member Sept. 22) Mrs. Adebola Esosa Oluwadeyi	The Committee's functions are as stated in section 404 (6) of the Companies and Allied Matters Act.	Two non-executive directors and Three Shareholder representatives.	Met five times during the year
Ad-hoc Committee: Project & Investment			
Mr. Ishaya Danjuma (Chairman) Mrs. Adebola Esosa Oluwadeyi Mrs. Funmilola Ojelade Mr. Olawale Oyeniyi Oyedele Mr. Aminu Ado (Up till 8/7/22) Mr. Adebayo Adeleke	The Committee reviews the ongoing projects for the company's Five-year strategic expansion programme after becoming fully indigenous.	Five non-Executive Directors	Met five times during the year
Nomination, Governance, Retirement & Remuneration			
Mrs. Funmilola Ojelade (Chairman) Oyeniyi Olawale Oyedele Mr. Aminu Ado (Up till 8/7/22) Mr. Ishaya Danjuma	Determines and makes recommendation to the Board on the framework, policy, cost of executive and senior management remuneration. Determines and recommends the executive directors and other senior employees are adequately remunerated. The remuneration of Directors, as well as the fees, reimbursable travel and hotel expenses as well as any other allowances and benefits are approved by the Board as advised/recommended by the Nomination, Governance, Retirement and Remuneration Committee. Reviews and advises on the general principles under with compensation, training, succession plans, and performance management are applied to senior employees of the Company.	Three Non-Executive Directors	Met seven times during the year.
Risk			
Adebayo Adeleke (Chairman) Oyeniyi Olawale Oyedele Funmilola Ojelade Mr. Ishaya Danjuma (appointed Sept. 2022) Mr. Aminu Ado (Up till 8/7/22)	Monitors and reviews the Company's policies, practices, risks compliance with corporate governance principles and regulations.	Three non-executive directors	Met four times during the year

Directors' report (cont'd)

16 Corporate governance (cont'd)

(e) Board committees (cont'd)

Details of directors' attendance at the Board and committee meetings are set out below:

Names	Date of appointment	Number of meetings held during the financial period				
		Board - (6 meetings) Dates: Jan 26, Mar 24, Jun 23, July 8, Sep 22, Dec 15, 2022	Audit Committee - (5 meetings) Dates: Mar 23, Jun 21, Sept 22, Dec 14 & Dec 21, 2022	Nomination, Governance, Retirement & Remuneration - (7 meetings) Dates: Jan 10, Jan 25, Mar 22, April 14, May 13, Jun 21, Sept 20, 2022	Risk Committee - (4 meetings) Dates: Mar 23, Jun 21, Sept 22 & Dec 14, 2022	Project Committee - (5 meetings) Dates: Mar 22, Jun 10, June 21, Sept 20, Dec 13, 2022
Abiodun Olabode Alabi**	14-Apr-2005	3 of 6	N/A	N/A	N/A	N/A
Aminu Ado (Appointed Ag Board Chairman 8/7/22)**	26-Jan-2022	5 of 6	2 of 5	4 of 7	2 of 4	3 of 5
Funmilola Ojelade***	26-Jan-2022	5 of 6	N/A	5 of 7	3 of 4	5 of 5
Ishaya Danjuma**	26-Jan-2022	4 of 6	N/A	4 of 7	0 of 4	4 of 5
Adebola Esosa Oluwadeyi**	26-Jan-2022	5 of 6	5 of 5	N/A	4 of 4	5 of 5
Ayodeji Oseni	4-Jul-2016	6 of 6	5 of 5	N/A	4 of 4	5 of 5
Adeshina Alayaki	9-Sep-2010	6 of 6	5 of 5	N/A	4 of 4	5 of 5
Oyeniyi Olawale Oyedele**	10-Mar-2016	5 of 6	N/A	6 of 7	3 of 4	4 of 5
Adebayo Adeleke**	15-Jun-2016	6 of 6	3 of 5	6 of 7	4 of 4	5 of 5

** Non-Executive Director
***Independent Non-Executive Director
N/A: Not applicable as director is not a member of the related committee

(f) Performance assessment
Directors are required to dedicate sufficient time to be able to monitor, evaluate and comment effectively to the Board and management on the financial and operational information supplied to the Board.

(g) Employee relations
Encouragement of employee participation is a high priority. The Company has adopted several participating structures on issues that affect employees. License to work ensures every employee is competent in his/her job within specific time frames. Learning needs are identified through the development of competency profiles for specific jobs.

(h) Going concern
The directors, having considered all relevant factors, are of the opinion that the annual financial statements have been prepared on a going-concern basis. They believe that the Company has adequate resources in place to continue in operation for the foreseeable future.

(i) Code of ethics
Inextricably linked to good corporate governance is the Company's code of ethics. The Company has always espoused the highest ethical standards of business conduct and full compliance with applicable laws, regulations and industry standards.

The Company aims to earn the trust of customers, shareholders, colleagues, suppliers and communities through honesty, performance excellence, good corporate governance and accountability. The Company expects people to respect confidential information, Company time and assets. The Company believes in open and honest communication, fair treatment and equal opportunities.

Guiding principles or core values within the code define our responsibilities towards, and what we expect from:

- Directors
- Employees
- Local communities and the public
- Customers, suppliers and markets; and
- Shareholders

Directors' report (cont'd)

16 Corporate governance (cont'd)

(i) Code of ethics (cont'd)

Allegiance to the code of ethics is the starting point from which employees draw inspiration and guidance for behaviour within a group, society or the organization. An integrity line has been established to enable employees to report contraventions of the code of ethics.

(j) Social responsibility

The Company has a strong culture of social responsibility. The objective is to assist wisely and constructively thereby making a sustainable difference.

(k) Risk management

Risk management has been further embedded in daily activities of the Company throughout 2022, and includes, but is not limited to, quarterly review of top risks faced by the Company and progress on mitigation plans.

(l) Internal controls

Management maintains accounting records and has developed systems designed to provide assurance as to the integrity and reliability of the financial statements. Responsibility for the adequacy and operations of the systems is delegated to the executive directors. These records and systems are designed to safeguard the Company's assets and minimize fraud.

Our systems of internal control are based on organizational structures, such as written policies and procedures, which include budgeting and forecasting disciplines and the comparison of actual results against these budgets and forecasts.

(m) Internal audit

Mazars renders independent, objective audit and consultation services geared towards creating added value and improving business processes. It helps the Company to achieve objectives by assessing and helping to improve the effectiveness of risk management, control mechanisms and the management and monitoring of processes through a systematic and targeted approach.

Internal audit follows a risk-based approach and utilizes the Company's enterprise-wide risk assessment, as one of many contributors to their annual risks assessment, before arriving at their audit work plan for the year. The internal audit department focuses on six core audit functions, namely:

- Standard reviews, financial and operational processes;
- IT reviews; this role is conducted by the special auditors from the global function;
- Special reviews, as requested by the Audit Committee members or executive management;
- Projects, conducted as part of the controlling shareholder initiative and aligned to the Company's risk assessments;
- Self-assessments, conducted on a periodic basis; and
- Integrity line, conducting fraud investigations on cases reported to the independent ethics hotline.

Directors' report (cont'd)

16 Corporate governance (cont'd)

(m) Internal audit (cont'd)

The Head of Internal Audit attends all Audit Committee meetings where all findings are presented. The Internal Audit department is guided by a comprehensive audit manual as developed by the function.

Subsequent events
Events after the reporting date have been disclosed in the financial statements in Note 37.

Auditors
Deloitte & Touche, appointed in 2017 served as the auditors during the year. The independent auditor's report for the year ended 31 December 2022 was signed by Hassan Lawal, a Partner in the Firm.

In accordance with the section 401(2) of the Companies and Allied Matters Acts, Messers Deloitte & Touche Nigeria have indicated their willingness to continue in office as an External Auditor of the company. A resolution will be proposed at the Annual General Meeting of the Directors to determine their renumeration.

____

Aderonke Segun-Alabi (Mrs)
Company Secretary
FRC/2021/002/00000024129
Lagos, Nigeria
23 March 2023

Statement of Directors' responsibilities
For the preparation and approval of the financial statements

The Directors of Industrial and Medical Gases Nigeria Plc accept responsibility for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2022 and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, and the Financial Reporting Council of Nigeria Act, 2011.

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

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

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

The financial statements of the Company for the year ended 31 December 2022 were approved by the directors on 23 March 2023.

Mr Ayodeji Oseni	**Mr Adeshina Alayaki**
Managing Director/CEO	**Finance Director**
FRC/2017/IODN/00000015942	**FRC/2013/ICAN/00000000939**

Certification of financial statements
For the preparation and approval of the financial statements

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

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

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

We state that management and directors:

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

(ii) have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements; and

(iii) certifies that Company's internal controls are effective as of that date.

We have disclosed:

(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and

(ii) Whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control; and

(iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses

The financial statements of the Company for the year ended 31 December 2022 were approved by the directors on 23 March 2023.

Type text here

Mr Ayodeji Oseni
Managing Director/CEO
FRC/2017/IODN/00000015942

Mr Adeshina Alayaki
Finance Director
FRC/2013/ICAN/00000000939

Report of the audit committee
To the members of Industrial and Medical Gases Nigeria Plc

In accordance with the provisions of section 404(7) of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act, 2011, we, the Members of the Audit Committee of Industrial and Medical Gases Nigeria Plc, having carried out our statutory functions under the Act, hereby report that:

(a) the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;

(b) the scope and planning of the audit for the year ended 31 December 2022 are satisfactory;

(c) having reviewed the independent auditor's memorandum of recommendations on accounting procedures and internal controls, we are satisfied with management responses thereon.

Finally, we acknowledge the co-operation of management and staff in the conduct of our duties.

Members of the Audit Committee are:

1)	Mr. Emmanuel Okafor	(Shareholders' representative) - Chairman
2)	Mr. Kenneth Nwosu	(Shareholders' representative)
3)	Mrs. Adebola Esosa Oluwadeyi	(Directors' representative)
4)	Mr. Kazeem Owonikoko Bello	(Shareholders' representative)
5)	Mr. Adebayo Adeleke	(Directors' representative)

Mr. Emmanuel Okafor
FRC/2021/002/00000022583
22 March 2023

Deloitte.

P.O. Box 965
Marina
Lagos
Nigeria

Deloitte & Touche
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Nigeria

Tel: +234 (1) 904 1700
www.deloitte.com.ng

Independent Auditors' report

To the Shareholders of Industrial and Medical Gases Nigeria Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Industrial and Medical Gases Nigeria Plc** set out on pages 5 to 70, which comprise the statement of financial position as at 31 December 2022 and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of financial position of **Industrial and Medical Gases Nigeria Plc** as at 31 December 2022 and its financial performance and statement of cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act and Financial Reporting Council Act.

Basis for Opinion

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

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

Key Audit Matters

Key audit matters are the matters that, in our professional judgement, are of most significance in our audit of the financial statements of the current year. This matter was 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 this matter.

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Impairment of Trade and Related party receivable - Expected Credit Losses	
As disclosed in Notes 22 and 36 to the financial statements, the Company have trade receivable balance of N820mm and related party receivables balance of N1.6bn as at 31 December 2022. IFRS 9 requires the Company to assess the aforementioned receivables for impairment and recognized a loss allowance based on the Expected Credit Loss model (ECL) The Company adopted the simplified approach of the ECL model in calculating loss allowance for trade receivables and the related party receivable. Under the simplified approach, an entity is not required to determine if there has been a significant increase in credit risk since origination. The receivables also do not have any significant financing component; hence, the company has measured ECL on a lifetime basis. For the trade receivable, impairment was calculated using a loss rate approach. The loss rate was calculated using a provision matrix. Under this method historical credit sales are analysed to capture defaults and collections for reasonable number of years in order to ascertain pattern of payment by the customers and subsequently compute loss rate for the trade receivables. For the related party receivables a term to maturity model was used for calculating Expected Credit Loss. This approach uses a single measure of probability of default, exposure at default and loss given default and for separate time intervals over the term of the receivable. Based on the assumptions and consideration of economic conditions experienced in Nigeria, which management has factored into the impairment computations as well as the nature and extent of audit effort which involved a significant level of interaction with management, the audit of the trade and related-party receivables impairment is considered a key audit matter.	To determine the appropriateness of the management assumptions, methodology and conclusions on the impairment assessment of the trade and related-party receivables balances, in line with the provisions of IFRS 9, we performed the following procedures: 1. Obtained and reviewed management policies and procedures for calculating loss allowances. 2. Determined whether the policies and procedures are in compliance with IFRS 9. 3. Engaged an internal Credit Risk Specialist to assess the reasonableness of the expected credit loss methodology on the company's portfolios, and the technical assumptions and methodologies guiding the Expected Credit Loss model. 4. Reviewed management's computation of loss allowances, by independently confirming the accuracy of the audited balances and macro-economic indicators adopted by management. 5. Assessed the sufficiency and appropriateness of the disclosures in the financial statement with respect to the receivable's impairment assessment. The method of impairment and assumptions used by the management are disclosed in Note 34(a) of the financial statements On the basis of the evidence obtained from our audit, we consider the impairment method and the underlying assumptions to be an appropriate and reasonable basis for the impairment testing of trade and related-party receivables. Based on our assessment, we concur with management's disclosure and conclusion on the impairment.

Other Information
The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report. Other national disclosures, Corporate information, the year at a glance, statement of Directors' responsibilities and certification of financial statements, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Statements
The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act 2020, the Financial Reporting Council of Nigeria Act, 2011 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

We also:
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Deloitte.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the Fifth Schedule of Companies and Allied Matters Act we expressly state that:

i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii) The Company have kept proper books of account, so far as appears from our examination of those books.
iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Hassan Lawal, FCA – FRC/2013/ICAN/000000001382
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
12 April 2023

Statement of profit or loss and other comprehensive income

	Notes	2022 ₦'000	2021 ₦'000
Revenue	*5*	5,338,879	3,699,230
Cost of sales	*8*	(2,609,336)	(1,677,381)
Gross profit		**2,729,543**	**2,021,849**
Other income	*6*	68,471	28,528
Losses on foreign exchange transactions	*12*	(404,283)	(156,458)
Other expenses	*7*	(16,817)	(10,774)
Selling and distribution expenses	*9*	(922,036)	(680,267)
(Impairment)/write-back of credit loss on receivables	*10*	(3,485)	1,307
Administrative expenses*	*11*	(761,579)	(708,645)
		689,814	**495,540**
Finance income	*15(a)*	56,625	62,794
Finance expenses	*15(b)*	(42,053)	(6,137)
Profit before income tax		**704,386**	**552,197**
Income tax expense	*16(a)*	(256,043)	(180,177)
Profit for the year		**448,343**	**372,020**
Other comprehensive income		-	-
Items that will never be reclassified to profit or loss		-	-
Total comprehensive income for the year		**448,343**	**372,020**
Earnings per share			
Basic and diluted earnings per share (kobo)	*12*	**90**	**89**

The accompanying notes and significant accounting policies form an integral part of the financial statements.

*Refer to Note 38 for changes to prior year presentation

Statement of financial position
As at 31 December 2022

	Notes	31 December 2022 ₦'000	31 December 2021 ₦'000
ASSETS			
Property, plant and equipment	18	2,350,139	2,084,838
Right of use of Assets	19	-	-
Other tax assets	23	62,478	34,047
Total non-current assets		**2,412,617**	**2,118,885**
Inventories	21	478,296	493,039
Trade and other receivables	22	785,704	489,815
Related Party Receivable	36	1,591,979	-
Prepayments	20	220,839	189,132
Other tax assets	23	222,042	287,856
Cash and cash equivalents	24	1,072,412	2,017,284
Total current assets		**4,371,272**	**3,477,126**
Total assets		**6,783,889**	**5,596,011**
EQUITY			
Share capital	25	249,746	208,122
Retained earnings	-	3,251,672	2,844,953
Total equity		**3,501,418**	**3,053,075**
LIABILITIES			
Employee benefit obligation	27	18,819	19,925
Deferred tax liabilities	28	357,345	391,659
Total non-current liabilities		**376,164**	**411,584**
Bank Overdraft	24	70,326	-
Current tax liabilities	16c	445,477	325,394
Trade and other payables	29	1,069,138	1,608,156
Loans and borrowings	32	1,099,128	-
Provision	30	86,764	56,764
Contract liability	33	135,474	141,038
Total current liabilities		**2,906,307**	**2,131,352**
Total liabilities		**3,282,471**	**2,542,936**
Total equity and liabilities		**6,783,889**	**5,596,011**

These financial statements were approved by the Board of Directors on 23 March 2023 and signed on its behalf by:

Mr. Aminu Ado	**Mr Ayodeji Oseni**	**Mr Adeshina Alayaki**
(Chairman)	**(Managing Director)**	**(Finance Director)**
FRC/2022/PRO/DIR/003/368775	**FRC/2017/IODN/00000015942**	**FRC/2013/ICAN/00000000939**

The accompanying notes and significant accounting policies form an integral part of the financial statements.

Statement of changes in equity

		Attributable to equity holders of the Company		
For the year ended 31 December 2022	*Notes*	**Share capital ₦'000**	**Retained earnings ₦'000**	**Total equity ₦'000**
Balance at 1 January 2022		**208,122**	**2,844,953**	**3,053,075**
Comprehensive income for the year				
Profit for the year		-	448,343	448,343
Total comprehensive income for the year		**-**	**448,343**	**448,343**
Transactions with owners of the Company				
Contributions and distributions				
Bonus Issue Declared	*25*	41,624	(41,624)	-
Total transactions with owners of the Company		**41,624**	**(41,624)**	**-**
Balance at 31 December 2022		**249,746**	**3,251,672**	**3,501,418**

For the year ended 31 December 2021		**Share capital ₦'000**	**Retained earnings ₦'000**	**Total equity ₦'000**
Balance at 1 January 2021		**208,122**	**2,671,553**	**2,879,675**
Comprehensive income for the year				
Profit for the year		-	372,020	**372,020**
Statute Barred Dividend			9,502	**9,502**
Total comprehensive income for the year			**381,522**	**381,522**
Transactions with owners of the Company				
Contributions and distributions				
Declared dividend	*20(b)*	-	(208,122)	(208,122)
Total transactions with owners of the Company		-	**(208,122)**	**(208,122)**
Balance at 31 December 2021		**208,122**	**2,844,953**	**3,053,075**

The accompanying notes and significant accounting policies form an integral part of the financial statements.

Statement of cash flows

	Notes	2022 ₦'000	2021 ₦'000
Cash flows from operating activities			
Profit before tax		704,386	552,197
Adjustments for:			
Depreciation of Property, Plant and Equipment	*13*	290,668	270,012
Depreciation - Right of Use Asset*	19	-	80,293
Write off/(reversal) of inventories	*8*	84,767	(2,820)
Writeback on credit loss on trade receivables	*22*	(4,536)	(1,307)
Impairment on related party receivables	*22*	8,021	-
Provision for legal cost	*30*	30,000	-
Finance income	*15a*	(56,625)	(62,794)
Finance Cost	*15b*	42,053	6,137
Current service cost-long service award	*27a*	1,173	1,096
Withholding tax receivable write-(back)/off*	*23*	(23,719)	38,737
Unrealised exchange (Gains)/ loss on foreign exchange transactions	*12*	(7,222)	22,456
Loss/(Gain) on sale of property, plant and equipment	*6*	1,343	(1,103)
		1,070,309	**902,904**
Changes in Working Capital			
Inventories	*21*	(70,024)	(57,317)
Trade and other receivables	*22*	(291,354)	(28,090)
Related party receivables	*36*	(1,600,000)	-
Other tax assets	*23*	(87,302)	(53,056)
Prepayments	*20*	(31,707)	137,106
Trade and other payables	*29*	(732,285)	138,716
Contract Liability	*33*	(5,564)	43,858
Cash generated from operating activities		**(1,747,927)**	**1,084,121**
Long service awards paid	*27a*	(3,642)	(1,189)
Income tax paid	*16(c)*	(21,870)	(84,278)
Net cash from operating activities		**(1,773,439)**	**998,654**
Cash flows from investing activities			
Interest received	*15*	56,625	62,794
Proceeds from sale of property, plant and equipment		115,359	1,118
Acquisition of property, plant and equipment	*18*	(672,672)	(187,782)
Net cash used in investing activities		**(500,688)**	**(123,870)**
Cash flows from financing activities			
Repayment of lease liabilities	*31(c)*	-	(108,600)
Dividends paid	*27(b)*	(779)	(448,210)
Proceeds from Commercial Papers	*32*	1,058,438	-
Net cash used in financing activities		**1,057,659**	**(556,810)**
Net (decrease)/increase in cash and cash equivalents		(1,216,468)	317,974
Cash and cash equivalents at 1 January		2,017,284	1,643,352
Effect of Foreign exchange on cash and cash equivalent*	*12*	201,270	55,958
Cash and cash equivalents at 31 December	*24*	**1,002,086**	**2,017,284**

The accompanying notes and significant accounting policies form an integral part of these financial statements
*Refer to Note 38 for changes to prior year presentation

Notes to the Financial Statements

1 Reporting entity

Industrial & Medical Gases Nigeria Plc (formerly BOC Gases Nigeria Plc hereinafter "the Company"), a public company quoted on the Nigerian Stock Exchange in 1979, was incorporated as a public limited liability company on 12 November 1959 under the name Industrial Gases (Nigeria) Limited. The name was changed on 10 July 1961 to Industrial Gases Limited and thereafter to BOC Gases Nigeria Plc on 17 March 1997. The Company was a subsidiary of BOC Holdings Limited, U.K., which holds 60% interest in the equity of BOC Gases Nigeria Plc. BOC Holdings Limited, U.K. is a subsidiary of Linde Plc, United Kingdom, the ultimate holding company. The Company's registered office address is Plots 1-3, Block H, Oshodi Industrial Estate, Oshodi, Lagos. In August 2021, TY Holdings Limited acquired additional 60% of the entire shares of the Company owned by BOC Holdings UK. The purchase is in addition to the existing 12% shares of the Company owned by TY Holdings Limited prior to this transaction bringing the ownership of TY Holdings Limited in BOC Gases Nigeria Plc to 72%. As a result of this development, the name of BOC Gases Nigeria Plc was changed to Industrial and Medical Gases Nigeria Plc, with a new logo and trademark.

1.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as issued by the International Accounting Standard Board (IASB) and in compliance with the Financial Reporting Council of Nigeria Act., Companies and Allied Matters Act (CAMA) and International Financial Reporting Standard Interpretation Committee (IFRSIC).

1.2 Composition of Financial Statements

These financial statements are presented in Naira, which is the Company’s functional currency. Except as indicated in these financial statements, financial information presented in Naira has been rounded to the nearest thousand.

These financial statements comprise:
*Statements of profit or loss and other comprehensive income
*Statements of financial position
*Statements of changes in equity
*Statement of cash flows
*Notes to the financial statements

The Directors also provided the following additional statements in compliance with Companies and Allied Matters Act:

*Statements of Value added
*Five-year financial summary

1.3 Financial Period

These financial statements cover the period from 1 January 2022 to 31 December 2022 with comparative figures for the financial year from 1 January 2021 to 31 December 2021. These financial statements were authorized for issue by the Board of Directors on 23 March 2023.

Notes to the Financial Statements

1.4 Basis of preparation

(a) Basis of measurement

The financial statements have been prepared on historical cost basis except for the under mentioned areas which are measured as indicated.

- employee benefit, which are measured as present value of the defined obligation.
- inventory measured at the lower of cost and net realizable benefit
- financial instruments are measured at fair value

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. 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, regardless of whether that price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis except for leasing transactions that are within the scope of IFRS 16 Leases.

(b) Functional currency and presentation currency

These financial statements are presented in Naira, which is the company's functional currency . All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(c) Use of judgments and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may defer from these estimates

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

In particular, the company has identified the following areas where significant judgements, estimates and assumptions are required. Changes in these assumptions may materially affect the financial position or financial results reported in future years. Further information on each of these areas and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(c) Use of judgments and estimates (cont'd)

(i) Leasehold land

The Company reviewed the estimated useful life of its leasehold land as unlimited on the basis that it is reasonably certain that the Lagos State Governor will usually renew the lease upon expiration and that the substance of the lease is that the Company has ownership of the land, not a right to use the land for a predefined period.

Consequently, the Company has discontinued depreciation of leasehold land. See Note 13.

(ii) Estimated useful lives and residual values of intangible assets and property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Management estimates the useful lives of its assets from historical trends and past experience of replacement of such assets or by vendor specifications of the life of such assets. The Company recognizes the effect of a change in an accounting estimate prospectively by including it in profit and loss in the period of the change and future periods affected by the change. The Company has carried out a review of the residual values and useful lives of property, plant and equipment during the year and that has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

(iii) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on trade receivables and contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Company recognizes twelve-month ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date where appropriate.

The Company reviews all financial assets at least annually and when there is any indication that the asset might be impaired. Loss allowance for trade receivables is measured at an amount equal to twelve months ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of the conditions at the reporting date. The Company has recognized a loss allowance of 100% against all receivables over 365 days past due, because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. The Company writes off a trade receivable when there is

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(c) Use of judgments and estimates (cont'd)

(iii) impairment of financial assets (cont'd)

information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over a year past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities. Trade receivables are considered past due when they exceed the credit period granted.

(iv) Expected credit losses (ECL)

The company recognises a loss allowance for expected credit losses on trade receivables and related party receivable. The amount of expected credit losses is calculated for each class of financial asset using the appropriate method applicable. The company always recognises expected credit losses (ECL) for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

(v) Contingencies

By their nature, contingencies will only be resolved when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements. Certain reclassifications and changes in presentation structure have been made to the prior year's financial statements to aid comparability with the current year's financial statements and to correct prior year presentation errors. These reclassifications have had no impact on prior year's reported position.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to Naira at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of transaction. Foreign currency differences are generally recognised in profit or loss.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(b) Financial instruments

(I) Financial assets

(i) Non-derivative financial assets- recognition and measurement

The Company initially recognises loans and receivables on the date when they are originated. All other financial assets are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company has the following non-derivative financial assets: loans and receivables, cash and cash equivalents.

Cash and cash equivalents comprise cash on hand, cash balances with banks and call deposits with original maturities of three months or less.

(ii) Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.

The Company does not have debt instruments that are measured subsequently at fair value through profit or loss (FVTPL) or FVTOCI.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(c) Use of judgments and estimates (cont'd)

(I) Financial assets (cont'd)

(ii) Classification of financial assets (cont'd)

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(iii) Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

(iv) Impairment

The Company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments where applicable. The expected credit losses on trade receivables are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date where appropriate.

(v) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, consideration is given to both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(c) Use of judgments and estimates (cont'd)

(I) Financial assets (cont'd)

(ii) Classification of financial assets

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

(II) Financial liabilities and equity instruments

(i) Derecognition of financial liabilities
The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(ii) Classification as debt or equity
Debt and equity instruments issued are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(iii) Equity instruments
An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised as the proceeds received, net of direct issue costs. Repurchase of the Company's own equity instruments is recognised and deducted directly in equity.

(iv) Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL. The Company does not hold financial liabilities measured at FVTPL.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(c) Use of judgments and estimates (cont'd)

(II) Financial liabilities and equity instruments (cont'd)

(v) Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held for trading, or (iii) designated as at FVTPL are measured subsequently at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(III) Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

(IV) Significant increase in credit risk

- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations. Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) the financial instrument has a low risk of default;
(2) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
(3) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(c) Use of judgments and estimates (cont'd)

(IV) Significant increase in credit risk (cont'd)

The Company considers a financial asset to have low credit risk when the asset has external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there are no past due amounts. The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(V) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(VI) Credit-impaired financial assets

A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) Significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(c) Use of judgments and estimates (cont'd)

(VII) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due unless there is adequate security. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(VIII) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of whether the simplified method or the general method is used.For the general method significant increase in credit risk is considered in measuring ECL. For the simplified approach lifetime expected credit losses are measured without considering significant increase in credit risk. If the asset has not experienced significant increase in credit risk. The Company measures the loss allowance at an amount equal to twelve-month ECL at the current reporting date. However if there has been significant increase in credit risk, a lifetime expected credit loss is measured. For the simplified approach the lifetime expected credit losses are measured without taking into account significant increase in credit risk. An impairment gain or loss is recognised in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(IX) Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in the profit or loss.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(c) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Property, plant and equipment comprise tangible items that are held for use in the production or supply of goods and services or for administrative purposes and are expected to be used during more than one accounting period. Buildings comprise of factories and offices.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress. The cost of self-constructed assets 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 including, where applicable, the costs of dismantling and removing the items and restoring the site on which they are located and borrowing costs on qualifying assets.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in profit or loss.

(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 derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives. Depreciation of assets commences when the assets are ready for their intended use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

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

(iii) Depreciation (cont'd)

The estimated useful lives for the current and comparative periods are as follows:

Buildings	40 years
Plant and machinery Cylinder and Valves	5-20years
Motor vehicles and Trucks	5-10years
Commercial tankers	15 years
Furniture and fittings	3-10 years

Leasehold land is not depreciated (see note 12)

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

No depreciation is charged on capital work in progress. The attributable cost of each asset is transferred to the relevant category at the point when the asset becomes ready for use and is depreciated accordingly.

(iv) Derecognition of assets

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their present location and condition. These include:

Raw materials, spares that do not qualify as property, plant and equipment and purchased finished goods

Work-in-progress and manufactured finished goods

Weighted average cost of direct materials and labour plus an appropriate proportion of manufacturing overhead

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(d) Inventories (cont'd)

Inventory in transit

Purchase cost incurred
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. Inventory write-downs are recognised in profit or loss in the relevant period.

(e) Employee benefits

(i) Defined contribution plan
A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligation 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. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its staff. Staff contributions to the scheme are funded through payroll deductions whilst the Company's contribution is recognised in profit or loss as employee benefit expense in the periods during which services are rendered by employees. Employees contribute 8% each of their basic salary, transport and housing allowances to the Fund on a monthly basis. The Company's contribution is 15% of each employee's basic salary, transport and housing allowances."

(ii) Other long-term employee benefits
The Company's other long-term employee benefits represent long service awards scheme instituted for all permanent employees. The Company's obligation in respect of this scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximating the term of the Company's obligation. The actuarial method used to value the obligation is the projected unit credit method. The obligations have been calculated from the first principles using the data as at 31 December 2021 and the assumptions are based on various data checks performed on the data including: * changes to employee static data(date of birth, date of engagement, genders) * Changes in salary, salary review dates as well as expected future increase and * long service awards payment. Re-measurements are recognised immediately in profit or loss in the period in which they arise. Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(e) Employee benefits (cont'd)

(iii) Termination benefits
Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(iv) Short-term benefits
Short-term employee benefits are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(f) Provisions
A provision is recognised if, as a result of past event, the Company has a present legal obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

(g) Contingent liabilities
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position.

If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

(h) Revenue
Revenue represents the fair value of the consideration received or receivable for sales of goods in the ordinary course of the Company's activities and is stated net of value-added tax (VAT). The Company derives revenue principally from sale of gas, related equipment and delivery charges, engineering services and Tanks/Cylinder rentals.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(h) Revenue (cont'd)

Revenue from sale of gas, related equipment, tank/cylinder rentals and delivery charge are recognised at a point in time when control of goods has been transferred, being when the products are delivered to the Customers (end users). Delivery occurs when the products have been shipped to the specific location and the control has been transferred and evidence of delivery received from the Customers and the customers have exceeded the period to return the unsold products.

Revenue from engineering services and tanks/cylinder rentals are recognised at a point in time when the service is delivered to the customer.

The Company has objective evidence that all criteria for acceptance have been satisfied. No revenue is reported if control of the goods has not been transferred to the customers.

Sale of gas, related equipment, tank and cylinder rentals and delivery charges

The Company sells gas and gas products to end user customers through its plants and depots. For sales of products to the customers, revenue is recognised when control of the goods has transferred, being at the point the customer lifts the goods from our factory/depots if it is self-collection or at the point at which the goods are delivered if the agreement is for the Company to deliver. Payment for the transaction price is done by the time goods are collected; otherwise, a receivable is recognised at that point.

Engineering services
The Company renders engineering services to customers such as pressure cylinders testing and pipeline purging. Such services are recognised as performance obligations performed over time. Hence, revenue is recognised once the performance obligation has been met. Payment for the services is not due from the customer until the services are complete and therefore a contract asset is recognised over the period in which the services are performed representing the entity's right to consideration for the services performed to date.

Determining the transaction price
The Company has fixed unit price for each of the products and the Company's revenue is derived from fixed price contract and the amount of revenue to be earned from each contract is determined by reference to those fixed prices. The Company has full discretion over the price to sell the products.A18

Allocating amounts to performance obligation
For most contracts, there is a fixed unit price for each of the product sold. There is no judgement involved in allocating the contact price to each unit ordered in such contract (It is the total contract price divided by the number of units ordered), Where a customer orders more than one item, the Company is able to determine the split of the total contract price between each product by referencing to each product's standalone selling prices.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(h) Revenue (cont'd)

For service contracts, revenue is recorded in the period in which the services are rendered. Revenue from contract with multiple deliverables or performance obligation is accounted for as a separate performance obligation and the transaction price will be allocated to each performance obligation based on stand-alone prices. Where these are not directly observable, they are estimated based on expected cost-plus margin.

Other Income
This comprises rental income, gain from disposal of property, plant and equipment, gain from sale scraps and allowance loss no longer required. Rental income is accounted for on a time proportion basis. Income arising from disposal of items of property, plant and equipment, old books and scraps is recognised at the time when proceeds from the disposal has been received by the Company. The profit on disposal is calculated as the difference between the net proceeds and the carrying amount of the assets.

(i) Leases

The Company as lessee
The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

The amount expected to be payable by the lessee under residual value guarantees; The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(i) Leases (cont'd)

In the case for an extension of a lease term, since the lease does not add the right to use or more underlying assets, the lease is accounted for as a continuation of the original lease and so the lease term spans from the commencement date of the original lease to the end of the extended period.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the liability(using the effective interest method) and by reducing the carrying amount to reflect the lease payment made.

The company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified, and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The company did not make any such adjustments during the periods presented.

The right-of use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(i) Leases (cont'd)

Right-of-use assets are depreciated over the shorter period of lease and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-to-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line ""other expenses"" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated on-lease components as a single arrangement. The Company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease component, the Company allocates the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components.

Policies applicable prior to 1 January 2019
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessee
Assets held under finance leases are recognised as assets of the Company at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(i) Leases (cont'd)

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Operating profit

Operating profit is the result generated from the continuing principal revenue producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs and income taxes.

(k) Finance income and finance costs

Finance income comprises interest income on funds invested and net gains on foreign exchange differences. Interest income is recognised in profit or loss as it accrues, using the effective interest method.

Finance costs comprise unwinding of the discount on provisions and interest expenses on borrowings (except interest expenses that are directly attributable to the acquisition, construction or production of a qualifying asset which are capitalised as part of the related assets) and are recognised in profit or loss using the effective interest method.

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

(l) Income tax

Income tax expense comprises current tax - company income tax and tertiary education tax, and deferred tax. Current and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

(ii) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year in accordance with Companies Income Tax Act (CITA) using tax rates as at the reporting date and any adjustment to tax payable in respect of previous years. Corporate Income tax is assessed at 30% of taxable profit. The Tertiary Education Trust Fund Act repeals the Education Tax Act Cap. E4, Laws of the Federation of Nigeria, 2004 and Education Tax Fund Act No. 17, 2003 and establishes the Tertiary Education Trust Fund charged with the responsibility for imposing, managing and disbursing the tax to public tertiary institutions in Nigeria. Tertiary education tax is assessed at 2.5% of assessable profit. Current tax also includes any tax arising from dividends.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(i) Leases (cont'd)

(ii) Current tax (cont'd)

Current tax assets and liabilities are offset only if certain criteria are met.

i. When there is a legally enforceable right to offset current tax assets against current tax liabilities and
ii. When they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis."

(iii) 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, using the liability method. 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 nor loss.

Deferred tax asset is recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on business plans for the Company and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Deferred tax assets and liabilities are offset when there is a legally enforceable rights to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same tax authority and the current tax assets and liabilities are being settled on a net basis.

(iv) Withholding tax receivables

Withholding taxes (WHT) are advance payments of income taxes deducted by the Company's customers at source upon payments. WHT receivables are measured at cost.

The Company offsets tax assets arising from WHT credits and current tax liabilities if, the entity has a legally enforceable right to set off the recognised amounts, and it intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

Tax asset written down are recognised in profit or loss income tax expense.

Notes to the Financial Statements

1.4 Basis of preparation (cont'd)

(l) Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effect of all dilutive potential ordinary shares.

(m) Dividends

Dividends are recognised as liability in the period they are declared.

Dividends, which remain unclaimed for a period exceeding twelve (12) years from the date of declaration, are no longer actionable by the shareholders in accordance with section 385 of the Companies and Allied Matters Act of Nigeria and are therefore written back to retained earnings.

(n) Cash and Cash Equivalents

Cash includes currency on hand and currency in deposits with banks or other financial institutions. Cash also includes deposits in accounts or cash management pools that have the general characteristics of demand deposit accounts, which means the Company may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty.

Cash Equivalents: Cash equivalents are short-term of not more than three months, highly liquid investments that are both a) readily convertible to known amounts of cash and b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

(o) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. Operating results are reviewed by the Company's Chief Operating Decision Maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company's primary format of segment reporting is based on business segments. The business segments are determined by management based on Company's internal reporting structure.

(p) Share capital

The Company has only one class of shares, namely ordinary shares. Ordinary shares 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.

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the financial statements

3 New Standards and Interpretations

3.1 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2022. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

	Issued standards and interpretations	Impact on the Company's Financial Statements
3.1.1	**Amendments to IFRS 3 Reference to the Conceptual Framework**	The provision of the amendment is not relevant to the Company
3.1.2	**Amendments to IAS 37 Onerous Contracts—Cost of Fulfilling a Contract:** The amendments specify that the cost of fulfilling a contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).	The Company has adopted the amendments to IAS 37 for the first time in the current year. The application had no impact on the disclosures or on the amounts reported in these financial statements.
3.1.3	**Amendments to IAS 16 Property, Plant and Equipment- Proceeds before Intended Use:** The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.	The Company has adopted the amendments to IAS 16 Property, Plant and Equipment for the first time in the current year. The application had no impact on the disclosures or on the amounts reported in these financial statements.

Notes to the Financial Statements

3 New Standards and Interpretations (cont'd)

3.1.4	Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle	
	IFRS 1 First-time Adoption of International Financial Reporting Standards	*The provision of the amendment is not relevant to the Company. It is not a first time IFRS adopter.*
	IFRS 9 Financial Instruments : The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.	The application had no impact on the disclosures or on the amounts reported in these financial statements.
	IFRS 16 Leases: The amendment removes the illustration of the reimbursement of leasehold improvements	The application had no impact on the disclosures or on the amounts reported in these financial statements.
	IAS 41 Agriculture: The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pretax or post-tax cash flows and discount rates for the most appropriate fair value measurement. The amendment is applied prospectively, i.e. for fair value measurements on or after the date an entity initially applies the amendment.	The amendment is not relevant to the Company's financial statements.

Notes to the Financial Statements

3 New Standards and Interpretations

3.2 Standards and interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Accounting Standards that have been issued but are not yet effective:

Title	Description	Relevance
IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts	Not relevant to the Company's financial statements, the Company has no insurance contracts.
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Not relevant to the Company's financial statements, no associate or joint venture relationship
Amendment to IAS 1	Non-Current Liabilities with covenants	The impact of the amendment is still being assessed. See details below
Amendment to IAS 1	Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies	The impact of the amendment is still being assessed. See details below
Amendment to IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates	The impact of the amendment is still being assessed. See details below
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	The impact of the amendment is still being assessed. See details below
Amendments to IAS 12 Income Taxes	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The impact of the amendment is still being assessed. See details below

3.2.1 Amendments to IAS 1 – Non-Current Liabilities with covenants

In October 2022, the IASB issued Non-current Liabilities with Covenants, (Amendments to IAS 1), to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability so that:

a.) It specifies that if the right to defer settlement for at least 12 months is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period (the reporting date) for the purposes of classifying a liability as current or non-current; and

b.) for non-current liabilities subject to conditions, an entity is required to disclose information about:

i. the conditions (for example, the nature of and date by which the entity must comply with the condition);
ii. whether the entity would comply with the conditions based on its circumstances at the reporting date; and
iii. whether and how the entity expects to comply with the conditions by the date on which they are contractually required to be tested.

Notes to the Financial Statements

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

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

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

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

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

3.2.3 Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors

The Board added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The Board has deleted one example (Example 3) as it could cause confusion in light of the amendments.

The amendments are effective for annual periods beginning on or after 1 January 2023 to changes in accounting policies and changes in accounting estimates that occur on or after the beginning of that period, with earlier application permitted.

Notes to the Financial Statements

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

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied. The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with earlier application permitted.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods should such transactions arise.

3.2.5 Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The IFRS Interpretations Committee received a submission about IFRS 16 Leases and a sale and leaseback transaction with variable payments that do not depend on an index or rate and came to the conclusion (and the IASB agreed) that it would be beneficial to amend IFRS 16 to specify how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in the sale and leaseback transaction.

The following are key points to note with regards to the Amendments:

Exception to the general requirements of determination of 'lease payments':

Notes to the Financial Statements

3.2.5 Amendments to IFRS 16 Lease Liability in a Sale and Leaseback (cont'd)

Lease payments as defined in IFRS 16 comprise the following:

i. fixed payments (including in-substance fixed payments), less any lease incentive;
ii. variable lease payments that depend on an index or a rate;
iii. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
iv. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Variable lease payments that do not depend on an index or rate are not included in the definition of lease payments and these payments are not included in the measurement of lease liabilities.

If the same definition is applied to a leaseback, the seller-lessee, in a leaseback transaction involving variable payments that do not depend on an index or rate, would measure the lease liability without considering these variable payments. That may result in recognition of a gain on the right-of-use retained by the seller-lessee. To prevent this accounting outcome, the Amendments create an exception to the definition of 'lease payments' applicable for sale and leaseback transactions, by requiring the seller-lessee to determine 'lease payments' or 'revised lease payments' in a way that the seller- lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The Amendments do not prescribe specific measurement requirements for lease liabilities arising from a sale and leaseback. The seller-lessee may apply other methodologies to determined lease payments subject to the requirements of the Amendments i.e., the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The amendments are effective for reporting periods beginning on or after January 1, 2024.

4 Measurement of Fair Values

Some of the Company's accounting policies and disclosures require the measurement of fair value, both for financial and non-financial assets and liabilities.

The Company has an established framework in respect of the measurement of fair values. This includes a valuation team that has the overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and report directly to the Finance Director.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in fair value hierarchy based on the inputs used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.
- Level 2: input other than quoted prices included in level 1 that are observable for the assets or liability, either directly (i.e as prices) or indirectly (i.e as derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

4 Measurement of Fair Values (cont'd)

If the inputs used to measure fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following

Note 34 - Financial Instruments

5 Revenue

	2022 ₦'000	2021 ₦'000
Gas sales	5,015,917	3,482,129
Engineering services	101,826	70,762
Sales of gas equipment	24,952	17,533
Delivery charges revenue	46,959	19,879
Rental Income on Gas equipment	149,225	108,927
	5,338,879	**3,699,230**
Revenue recognised at a point in time	5,338,879	3,699,230
Revenue recognised over a period of time	-	-
	5,338,879	**3,699,230**

In the prior year, Sales of gas equipment and delivery charges was presented as one revenue line. In order to ensure that the revenue disclosure better reflect the nature of different revenue streams and in compliance with the requirement of IFRS 15, the Sales of gas equipment and delivery charges line has been represented into three revenue lines of Sales of gas equipment, Delivery Charges revenue and Rental income on cylinder and gas equipment. The comparative year revenue note has been restated accordingly"
The transaction price allocated to unsatisfied performance obligations as at 31 December are set out in Note 34.

5.1 Operating segment

The Company has a single operating segment which is in respect of manufacture and sale of gases, and the sale and service of equipment related to gases as disclosed in Note 30

The Company's operating segment is based on the way in which financial information is organized and reported to the Company's Chief Operating Decision Maker (CODM).

The Company's Board of directors (BOD) is its Chief Operating Decision Maker. Final decisions on allocation and utilization of the Company's resources are taken by the BOD. The various committees of the Company also report to the BOD. The BOD also meets on a quarterly basis to assess the Company's financial performance and determine necessary action plans towards achieving the Company's strategic goals and objectives.

Notes to the Financial Statements

5.1 Operating segment (cont'd)

For the purpose of assessing the Company's financial performance, the financial information presented is on the basis of the Company's activities as an entity. Therefore, the directors are of the opinion that the Company has a single operating segment. Accordingly, no additional segment information has been presented in these financial statements.

Although the Company has one operating segment, the Company reports revenues from external customers attributed to the Company's country of domicile and revenues generated from export sales and services. No revenue was generated from export sales and services in the current reporting periods.

5.2 The Company's revenue from external customers by geographical location are detailed below:

	2022 ₦'000	2021 ₦'000
Nigeria	5,338,879	3,699,230
Export	-	-
	5,338,879	**3,699,230**

5.3 Information about major customers

Included in revenues are revenues of approximately N1.054 billion (2021: N 962.9 million) which arose from sales to the Group's largest customer. No other single customers contributed 10 per cent or more to the Company's revenue in either 2022 or 2021.

No further operating segment information is reported.

6 Other income

Other income comprises:

	Notes	2022 ₦'000	2021 ₦'000
Income from genset hire (see (b) below)		45,000	25,398
(Loss)/Gain on sale of property, plant and equipment		(1,343)	1,103
Recovery of withholding tax previously written-off	23	23,719	-
Gain on sale of scrap		1,095	2,027
		68,471	**28,528**

Income from generator set hire represents income from hire of one of the generating sets of the Company during the year.

Notes to the Financial Statements

7 Other expenses

	2022 ₦'000	2021 ₦'000
Cost incurred on hiring of generation set	**16,817**	**10,774**

The Company rented two generators which resulted in the recognition of right of use assets in line with IFRS 16 (note 13e). Part of the electricity generated by the generator sets are sold to Cordeaux (third party) and income recognised in other income, whereas the attributable cost incurred on the electricity generated is recorded in other expenses.

8 Cost of sales

	2022 ₦'000	2021 ₦'000
Changes in finished goods	1,315,797	748,087
Raw materials and consumables	486,531	349,702
Facility, onsite and engineering service costs	-	7,271
Depreciation of Property, plant and Equipment	209,142	194,977
Depreciation - Right of use Assets	-	80,293
Equipment rental charges	-	-
Personnel expenses	193,571	146,927
Travel and entertainment	4,943	4,741
Write off/(reversal) of inventories*	84,767	(2,820)
Repairs and maintenance	314,585	148,203
	2,609,336	**1,677,381**

Cost of sales are costs that are directly related to creating the products that is sold. Cost is allocated to cost of sales on the usage of the material compared to other expense category

* Write off of inventories in the current year represents obsolete inventories.

9 Selling and distribution

		2022 ₦'000	2021 ₦'000
Personnel expenses		286,726	208,411
Vehicle running expenses		347,918	160,667
Transit and Decanting Losses		128,663	84,085
Subscription and publication		11,525	23,573
Repairs and maintenance		45,582	51,681
Withholding tax receivable written off	23	-	38,737
Hired Cylinders and ISO tanks		17,090	40,797
Depreciation of Property, Plant and Equipment		67,694	61,218
Travel and entertainment		16,838	11,098
Total selling and distribution expenses		**922,036**	**680,267**

Notes to the Financial Statements

9 Selling and distribution (cont'd)

Cost incurred on Hired Cylinders and ISO tanks relates to charges paid for its rentals from both local and foreign vendors. The ISO tanks are rented from foreign suppliers to bring in imported items e.g. bulk argon and propane while cylinders are rented locally from our local vendors to supply products to our customers. The rent is a daily rental and low value. The average rent period is for a short term of 30 - 90 days

Transit and Decanting Losses relate to losses incurred during the transportation of gasses from point of production to point of delivering the gas into the storage tank of customers.

10 Impairment (writeback) on receivables

		2022	2021
		N'000	N'000
Writeback of Impairment loss on trade receivables	22	(4,536)	(1,307)
Impairment on related party receivables	36	8,021	-
		3,485	**(1,307)**

11 Administrative expenses

	2022	2021
	₦'000	₦'000
Professional fees	93,596	31,360
Audit fees	18,550	17,500
Depreciation of Property, Plant and Equipment	13,832	13,818
General office expenses	14,043	1,864
Personnel expenses	118,198	147,232
Service cost on employee benefit obligation	1,173	1,096
Directors' remuneration	128,415	83,371
Travel and entertainment	29,647	12,599
Vehicle running expenses	987	474
Repairs and maintenance	18,082	14,728
Insurance premium	24,420	25,584
Levies and rates	15,760	3,850
Bank charges	11,663	5,760
Donations, business and community development	451	530
Electricity	82,954	130,197
Telephone and Local internet service charge	19,562	69,421
Security and safety	58,583	66,613
Canteen service expenses	18,989	13,638
Subscription & Publicity Expenses	59,363	45,166
Office rentals and repairs expenses	15,210	5,239
Site Cleaning Expenses	13,376	10,703
Stationeries Expenses	4,725	7,902
Total administrative expenses	**761,579**	**708,645**

Notes to the Financial Statements

	2022	2021
12 Losses on foreign exchange transactions	**₦'000**	**₦'000**
Unrealised (Gains)/losses on foreign exchange transactions	(7,222)	22,456
Unrealised losses on cash and cash equivalent on other monetary items	201,270	55,958
Realised losses on foreign exchange transactions	210,235	78,044
	404,283	**156,458**

12.1 Depreciation for the year is analysed as follows:		
Cost of sales	209,142	194,977
Administrative Expenses	13,832	13,818
Selling and Distribution Expenses	67,694	61,218
	290,668	**270,013**

13 Profit for the year

(a) Profit for the year has been arrived at after charging/(crediting):

		Note	2022 ₦'000	2021 ₦'000
Depreciation		*13*	290,668	270,013
Auditors' remuneration			18,550	17,500
Personnel expenses	14	*10*	598,495	512,068
Directors' remuneration	11	*9(b)*	128,415	83,371
Net loss on foreign exchange transactions	11.1		404,283	156,459
Loss/(Gain) on sale of property, plant and equipment		*6*	1,343	(1,103)

(b) Directors' remuneration

Directors' remuneration for the year includes:

	2022 ₦'000	2021 ₦'000
Fees as directors	16,750	2,433
Other emoluments (including pensions)	111,665	80,938
	128,415	**83,371**

The directors' remuneration shown above includes:

Chairman	5,750	936
Highest paid director	47,177	43,653
	52,927	**44,589**

Notes to the Financial Statements

13 Profit for the year (cont'd)

(b) Directors' remuneration (cont'd)

Other directors received emoluments in the following ranges:

			2022 Number	2021 Number
₦		₦		
240,001	-	450,000	-	3
500,001	-	2,000,000	-	-
4,500,001	-	14,000,000	5	-
19,300,001	-	19,400,000	-	-
25,000,001	-	40,000,000	1	1
40,000,001	-	50,000,000	1	1
			7	**5**

(c) Non audit services

Non audit services provided by statutory auditors comprise:

	2022 ₦'000	2021 ₦'000
Audit cost recovery	4,028	875
Transfer Pricing Review and Tax advisory services	6,234	2,603

14 Personnel expenses

(a) Personnel expenses including the provision for long service award benefits:

	2022 ₦'000	2021 ₦'000
Salaries, wages and allowances	487,337	497,383
Employer's contributions to defined contribution plans	47,272	48,762
Expenses/(Surplus) related to other long-term benefits	1,173	1,759
Training, recruitment and canteen expenses	11,667	10,636
Medical expenses	16,463	10,945
Other personnel expenses (see (b) below)	34,583	18,907
	598,495	**588,392**

(b) Other personnel expenses comprise labour contractors' costs, relocation expenses, and recruitment medical examination expenses.

(c) Number of employees of the Company as at 31 December, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

Notes to the Financial Statements

14 Personnel expenses (cont'd)

(b) Directors' remuneration (cont'd)

			2022 Number	2021 Number
₦		₦		
1,800,001	-	1,900,000	2	1
2,000,001	-	2,100,000	-	0
2,100,001	-	2,200,000	-	3
2,200,001	-	2,300,000	1	0
2,300,001	-	2,600,000	-	3
2,600,001	-	2,700,000	2	3
2,700,001	-	2,900,000	6	4
2,900,001	-	3,000,000	1	7
3,000,001	-	3,100,000	1	5
3,100,001	-	3,200,000	2	6
3,200,001	-	3,600,000	3	6
3,600,001	-	3,900,000	15	8
3,900,001	-	4,000,000	8	5
4,000,001	-	4,500,000	9	5
4,500,001	-	5,500,000	14	11
5,500,001	-	6,000,000	5	2
6,100,001	-	7,000,000	4	5
7,000,001	-	8,000,000	5	2
Above 8,000,001			7	9
			85	**85**

(d) The number of persons employed as at 31 December are:

	2022 Number	2021 Number
Operations	53	53
Sales and Marketing	18	21
Finance and Information Technology	10	7
Administration	4	4
	85	**85**

Notes to the Financial Statements

15 Finance income and finance costs

(a) Finance income comprises:

	2022 ₦'000	2021 ₦'000
Interest income on bank deposits	56,625	62,794
	56,625	**62,794**

(b) Finance expenses comprises:

	2022 ₦'000	2021 ₦'000
Interest expense on lease liabilities	-	4,782
Interest cost on employee benefit obligation	1,363	1,355
Interest cost on Commercial Paper	40,690	-
	42,053	**6,137**
Net Finance Income/(Costs)	**14,572**	**56,657**

16 Taxation

(a) Income tax expense

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

		2022 ₦'000	2021 ₦'000
Current tax expense in respect of current year			
Income tax		259,541	237,404
Capital gains tax		-	-
Tertiary education tax		30,781	23,819
Police Trust Fund Levy		35	28
Adjustments recognised in the current year in relation to the current tax of prior years		-	7,922
		290,357	**269,173**
Deferred tax expense			
Origination and reversal of temporary differences	*22*	(34,314)	(88,996)
		256,043	**180,177**

Notes to the Financial Statements

16 Taxation (cont'd)

(b) Reconciliation of effective tax rate

	2022 ₦'000	2021 ₦'000
Profit/(Loss) before income tax	**704,386**	**552,197**
Income tax expense calculated using statutory rate of 30%	211,316	165,659
Impact of Tertiary education tax	30,781	23,819
Impact of Police Trust Fund	35	28
Effect of:		
Donation	135	159
Provision for VAT payable	1,757	-
Provision for WHT payable	5,279	-
Deferred Tax opening balance on exchange difference	23,413	-
Investment allowance	(13,349)	(1,496)
Difference in tax rates - Effect of TET	(3,323)	(3,830)
Adjustment to reconcile current tax differences	-	(4,163)
	256,044	**180,176**

(c) Movement in current tax liability

	Note	2022 ₦'000	2021 ₦'000
Balance at 1 January		325,394	140,499
Payments during the year		(21,870)	(84,278)
Withholding tax credit notes utilised	23	(148,404)	-
Charge for the year		290,357	269,173
Balance at 31 December		**445,477**	**325,394**

17 Earnings per share

Basic earnings per share

Basic earnings per share at 31 December 2022 was based on the profit attributable to ordinary shareholders of N 466,128,000 (2021: N372,019,000), and on the 499,493,647 ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the year (2021: 416,244,706 for the purpose of earnings per share), and is calculated as follows:

Weighted average number of ordinary shares (basic)

	2022	2021
Issued ordinary shares at 1 January	499,493,647	416,244,706
Weighted average number of ordinary shares during the year	**499,493,647**	**416,244,706**
Basic earnings per share (Kobo)	**90**	**89**

Diluted earnings per share

At the reporting date, the Company had no dilutive ordinary shares (2021: Nil). Consequently, diluted and basic earnings per share are the same.

Notes to the Financial Statements

18 Property, plant and equipment

(a) The movement on these accounts was as follows:

	Leasehold land ₦'000	Buildings ₦'000	Plant, machinery, cylinders and valves ₦'000	Motor vehicles ₦'000	Commercial tankers ₦'000	Furniture and fittings ₦'000	Capital work-in-progress ₦'000	Total ₦'000
Cost								
Balance at 1 January 2021	2,542	188,709	3,608,682	596,013	55,514	142,737	245,424	4,839,621
Additions	-	-	2,915	4,300	-	1,335	179,232	187,782
Disposals	-	-	(635)	(4,802)	-		-	(5,437)
Transfers	-	-	46,946	-	47,230		(94,176)	-
Balance at 31 December 2021	**2,542**	**188,709**	**3,657,908**	**595,511**	**102,744**	**144,072**	**330,480**	**5,021,966**
Balance at 1 January 2022	2,542	188,709	3,657,908	595,511	102,744	144,072	330,480	5,021,966
Additions	-	12,146	234,947	108,265	-	10,506	306,807	672,671
Disposals	-	-	(303,885)	(33,518)	-	(50,506)	-	(387,909)
Transfers	-	-	209,999	3,430	-	1,848	(215,277)	-
Impairment losses	-	-	-	-	-	-	-	-
Balance at 31 December 2022	**2,542**	**200,855**	**3,798,969**	**673,688**	**102,744**	**105,920**	**422,010**	**5,306,729**
Accumulated Depreciation								
Balance at 1 January 2021	-	85,822	2,103,411	329,436	32,286	121,583	-	2,672,538
Depreciation for the year	-	3,457	188,895	66,598	-	11,062	-	270,012
Disposals	-	-	(620)	(4,802)	-	-	-	(5,422)
Balance at 31 December 2021	**-**	**89,279**	**2,291,686**	**391,232**	**32,286**	**132,645**	**-**	**2,937,128**
Accumulated Depreciation								
Balance at 1 January 2022	-	89,279	2,291,686	391,232	32,286	132,645	-	2,937,128
Depreciation for the year	-	3,266	200,955	43,567	31,449	11,431	-	290,668
Disposals	-	-	(187,183)	(33,518)	-	(50,506)	-	(271,207)
Balance at 31 December 2022	**-**	**92,545**	**2,305,458**	**401,281**	**63,735**	**93,570**	**-**	**2,956,590**
Carrying Amounts								
At 31 December 2022	**2,542**	**108,311**	**1,493,511**	**272,407**	**39,009**	**12,349**	**422,010**	**2,350,139**
At 31 December 2021	**2,542**	**99,430**	**1,366,222**	**204,279**	**70,458**	**11,427**	**330,480**	**2,084,838**
At 1 January 2021	**2,542**	**102,887**	**1,505,271**	**266,577**	**23,228**	**21,154**	**245,424**	**2,167,083**

Notes to the Financial Statements

18 Property, plant and equipment (cont'd)

(a) The Directors of the Company, in line with provisions of IAS 36 – Impairment of Assets, have assessed the Property, plant and equipment for impairment and it was concluded that there are no factors indicating that the assets are impaired.

The Company had no capital commitments as at year end (2021:Nil)

No asset of the Company was pledged as security.

(b) Plant, machinery, cylinders and valves comprise:

	Cost ₦'000	Depreciation charge for the year ₦'000	Disposal ₦'000	Accumulated depreciation ₦'000	Carrying amount ₦'000
Plant and machinery	3,115,290	158,824	(175,067)	1,973,157	1,142,133
Cylinders	632,111	36,172	(12,116)	300,686	331,425
Valves	51,568	5,959	-	31,615	19,953
At 31 December 2022	**3,798,969**	**200,955**	**(187,183)**	**2,305,458**	**1,493,511**
Plant and machinery	3,064,606	155,957	-	1,989,399	1,075,206
Cylinders	547,049	27,516	(620)	276,630	270,419
Valves	46,253	5,423	-	25,657	20,596
At 31 December 2021	**3,657,908**	**188,895**	**(620)**	**2,291,686**	**1,366,221**

Capital work-in-progress comprises racks and quads, tank, multi-purpose online analyser, automatic acetoning machine in Dissolved Acetylene plant, PSA plant, propane compression facility, rix compressor and new factory site along Sagamu road. The cost of the racks and quads, which is still under construction, is N23.4 million, tank is N45.6million, multi-purpose online analyser is N25million, while the cost of automatic acetoning machine in the Dissolved Acetylene plant is N68.9 million, PSA plant is N109.1 million, propane compression is N41.7m, rix compressor is N47m and cost of the ongoing new factory site is N61.2m at the end of the year.

Transfers

The transfers comprise of argon filling rig, VIE tank, 1,250KVA genset, weighbridge, lathe machine, desktop servers and printers and valves capitalised. The cost of the argon filling rig, which was transferred to its class of asset, is N16.8m,tank is N21.1m, 1,250KVA genset is N155.6m, weighbridge is N13.3m, lathe machine is N5.1m, desktop server and printers is N1.8m while the cost of valves transferred and capitalised is N1.4m.

Notes to the Financial Statements

18 Right-of-use assets

	2022	2021
Cost:	**N'000**	**N'000**
At 1 January	322,171	322,171
Additions	-	-
At 31 December	322,171	322,171
Depreciation		
At 1 January	322,171	241,878
Charge	-	80,293
At 31 December	322,171	322,171
At 31 December		
Carrying Amount	-	-
Depreciation recognised in profit and loss:		
Depreciation of right-of-use	-	80,293
Interest on lease liabilities	-	4,782
	-	85,075

The lease contract in respect of generator is for a period of three years and expired in the year 2021.

20 Prepayments

	2022	2021
	₦'000	₦'000
Subscription and IT Expenses	19,167	71
Insurance and Rent	22,623	21,327
Advance Payments to Suppliers	179,049	167,734
	220,839	189,132

Prepayments represent subscription, IT, insurance and rent expenses prepaid by the Company and advance payments made to suppliers.

The prepaid rent represents rent payments made for a short term of 12 months and lease of office space in Warri which is of a low value, thus IFRS 16 exemption on short term or low value lease has been applied

Advance to suppliers relates to prepayment for goods which were yet to be received as at year end. The company expect to utilise the advance payments made to suppliers in the current year

Notes to the Financial Statements

20 Prepayments (cont'd)

Prepayments split into:	2022 ₦'000	2021 ₦'000
Current	220,839	21,398
Non-Current	-	167,734
	220,839	189,132

21 Inventories

	2022 ₦'000	2021 ₦'000
Raw materials	38,267	70,826
Spares and consumables	140,321	123,452
Finished goods	295,793	298,688
Goods in transit	3,915	73
	478,296	**493,039**

(a) In 2022, amount recognised in cost of sales amounted to N1.778 billion (2021: N1.097 billion) representing changes in finished goods of N1.3 billion (2021: N748million) and changes in raw materials and consumables of N468.9million (2021: N349.7million).

The write-off of inventories (Spares, consumables and finished goods) amounted to N84.77million (2021: Nil). The write offs of inventory relate to obsolete and damaged inventory items.

(b) None of the inventories was pledged as securities for borrowing.

22 Trade and other receivables

	Notes	2022 ₦'000	2021 ₦'000
Financial Instrument			
Trade receivables		820,038	535,481
Impairment on trade receivables		(47,903)	(52,439)
		772,135	483,042
Other receivables		13,569	6,773
		785,704	**489,815**

Other receivables comprise of:		
Staff Loan	8,355	2,333
Sundry debtors	5,214	4,440
	13,569	6,773

Sundry debtors relate to amount receivable from Courdae with respect to gen sec hire in the current year, while sundry debtors in the prior year relate to outstanding cheques.

Notes to the Financial Statements

22 Trade and other receivables (cont'd)

Movement in Impairment on trade receivable:	2022 ₦'000	2021 ₦'000
At 1 January	52,439	53,747
Write-back of impairment on trade receivables	(4,536)	(1,308)
At 31 December	47,903	52,439

Trade receivables

The average credit period on sales of goods and services is 30 days.

Of the trade receivables balance at the end of the year in financial statements,₦160.5 million (2021: ₦216.5 million) are due from the Company's largest trade debtor. There are no other customers which represent more than 10% of the total balance of trade receivables of the Company after impairment. Loss allowance for trade receivables is measured at an amount equal to twelve months ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of 100% against all receivables over 365 days past due, because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. The Company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities. Trade receivables are considered to be past due when they exceed the credit period granted.

The following table details the risk profile of trade receivables based on the Company's provision matrix. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Company's different customer base. The movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9.

Notes to the Financial Statements

22 Trade and other receivables (cont'd)

12/31/2022	**0-30days N'000**	**31-60 N'000**	**61-90 N'000**	**91-180 N'000**	**181- 365 N'000**	**> 365 N'000**	**Total N'000**
Expected credit loss rate	1%	1%	2%	4%	16%	100%	
Estimated total gross carrying amount at default	405,622	237,878	53,432	96,713	21,278	31,699	846,622
Life time ECL	4,775	3,096	1,114	3,796	3,424	31,699	**47,903**

12/31/2021	**0-30days N'000**	**31-60 N'000**	**61-90 N'000**	**91-180 N'000**	**181- 365 N'000**	**> 365 N'000**	**Total N'000**
Expected credit loss rate	2%	2%	4%	7%	28%	100%	
Estimated total gross carrying amount at default	182,875	202,882	58,939	43,095	12,250	35,441	535,482
Life time ECL	3,555	4,690	2,303	3,068	3,382	35,441	**52,439**

The Company's exposure to credit and market risks and impairment losses related to trade and other receivables are disclosed in Note 24.2. The receivables are not interest bearing and no pledge was received for the balances.

The estimated total gross carrying amount at default as at 31 December 2022 reflects the gross amount after excluding customers with credit balance >365 days of N26.911 million from the net trade receivable balance of N820.038 million.

23 Other tax assets

	Note	**2022 ₦'000**	**2021 ₦'000**
Withholding tax receivables			
Withholding tax credit		284,520	321,093
		284,520	**321,093**

The movement on withholding tax receivables during the year was as follows:

	2022 ₦'000	**2021 ₦'000**
Balance at 1 January	321,903	307,584
Additions	87,302	53,056
Withholding tax receivable write-back/(write-off)	23,719	(38,737)
Utilisations during the year	(148,404)	-
	284,520	**321,903**

23.1 Other tax assets split into:

Current	222,042	287,856
Non-Current	62,478	34,047
	284,520	**321,903**

Notes to the Financial Statements

23.1 Other tax assets (cont'd)

The withholding tax receivable has been grouped into current and non-current on the basis of utilisation against future income tax liability

Payments made by Nigerian customers of the Company as a result of the invoices received for the products purchased are subject to a withholding tax in accordance with the Nigerian tax laws. The amount withheld and available on the Tax Promax is available to offset the actual tax liabilities.

Withholding tax receivable not in Tax Promax due failure of the customer to make the required payment for a long period is consider for write off in the financial statements. Future recovery of such write, when customer eventually make remittance to the tax authority and recognised in Tax Promax is considered for write back accordingly in the financial statements.

24 Cash and cash equivalents

		2022 ₦'000	2021 ₦'000
Bank balances		867,089	348,162
Fixed and Call deposits	**(a)**	203,954	1,667,753
Cash in hand	**(c)**	1,369	1,369
		1,072,412	**2,017,284**
Bank Overdraft	**(d)**	(70,326)	-
Cash and cash equivalents in the statement of cash flows		**1,002,086**	**2,017,284**

(a) The company's fixed and call deposits are held by two financial institutions with a fixed term ranging from 8-90 days and interest ranging between 9%-11%.

(b) The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and financial liabilities is disclosed in Note 35(g)

(c) The cash and cash equivalent line item on the balance sheets states the amount of cash on hand and other highly liquid assets readily convertible into cash. The assets considered as cash equivalents are those that can generally be liquidated in less than 90 days. The carrying amount of these assets is appropriately equal to their fair value.

(d) The bank overdraft relates to LC confirmation line facility. The interest on overdraft facility was agreed at Libor+6%

Notes to the Financial Statements

25 Issued and fully paid ordinary shares of 50 kobo each

	2022 ₦'000	2021 ₦'000
In issue at 1 January		
416,244,706 ordinary shares	208,122	208,122
Bonus issue at 31 December	41,624	
416,244,706 ordinary shares	**249,746**	**208,122**

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

During the year, the Board approved a bonus issue of 1 for every 5 shares held by the shareholders

26 Dividends

(a) Dividends

The following dividends were declared by the Company for the respective years indicated:

	2022 ₦'000	2021 ₦'000
Nil kobo (2021: 50 kobo) per qualifying ordinary share	-	**208,122**

No cash dividend was declared and approved in the current year (2021: 50kobo). However, a stock dividend of one for every five shares was declared and approved in the current year on the issued share capital of 416,244,706.

A dividend in respect of the year ended 31 December 2022 of N0.40 kobo per share (2021: a stock dividend of one for every five shares) amounting to N199.767 million was recommended at the board meeting held on 23 March 2023. No provision for the dividend is recognised in the financial statements for the year then ended because, dividend is recognised as a liability in the period it is approved by shareholders.

(b) Dividends payable

	2022 ₦'000	2021 ₦'000
Balance at 1 January	133,333	382,922
Dividend declared	-	208,122
Payments during the year	(779)	(412,557)
Withholding tax remitted	-	(35,653)
Statue Barred Dividend	-	(9,501)
Balance at 31 December	**132,554**	**133,333**

The balance at year end is included in trade and other payables in Note 30.

Notes to the Financial Statements

27 Employee benefit obligation

Long Service Awards

The Company operates a long service award plan for qualifying employees of the Company. The normal retirement age is 60 years. Under the plan, the Company shall give long service awards to any employee who has completed a minimum of five (5) years of service with the Company, in accordance with the table below:

Years of Service		Gift Items		Unit Price		Payment
5		Framed Certificate and Tie or Scarf		₦5000		
10		Framed Certificate and Tie or Scarf		₦5000		One week's salary
15		Framed Certificate and Tie or Scarf		₦5000		Two weeks' salary
20		Framed Certificate and Tie or Scarf		₦5000		Three weeks' salary
25		Framed Certificate and Tie or Scarf		₦5000		One month's salary
30		Framed Certificate and Tie or Scarf		₦5000		Two months' salary
35		Framed Certificate and Tie or Scarf		₦5000		Three months' salary
40		Framed Certificate and Tie or Scarf		₦5000		Four months' salary

The obligation is independently determined at each year end by an external actuary. The most recent actuarial valuation of the present value of the defined benefit obligation was carried out at 31st December 2020 and estimates done for the two subsequent years ended 31 December 2021 and 31 December 2022 by (Alexander Forbes Consulting Actuaries Nigeria). The present value of the long service award and the related current services cost were measured using the Projected Unit Credit Method. This is not the first year of implementation.

		2022	**2021**
		₦'000	**₦'000**
(a)	Long service awards benefit plan (see (i) below)	**18,819**	**22,461**

(i) Movement in long service awards benefits plan

The movement on the long service awards benefit plan liability during the year was as follows:

	2022	**2021**
	₦'000	**₦'000**
Balance at 1 January	19,925	18,663
Current service costs, past service costs and interest (see below)	2,536	2,452
Actuarial gains recognised in profit or loss (see note (e))	-	-
Payments during the year	(3,642)	(1,189)
Balance at 31 December	**18,819**	**19,926**

27 Employee benefit obligation (cont’d)

(i) Movement in long service awards benefits plan (cont’d)

Other long-term benefits expense recognised in profit or loss for long service awards obligation comprise:

	2022 ₦'000	2021 ₦'000
Current service costs	1,173	1,096
Interest on obligation	1,363	1,355
	2,536	**2,451**

(b) Pension contribution payable (statutory)

The balance on the pension payable account represents the amount due to the Pension Fund Administrators, which is yet to be remitted at the year end. The movement on this account during the year was as follows:

	2022 ₦'000	2021 ₦'000
Balance at 1 January	234	234
Charge for the year	54,640	48,762
Employees contribution	63,307	59,243
Payments during the year	(118,158)	(108,005)
Balance at 31 December	**23**	**234**

The balance as at year-end is included in statutory deductions under trade and other payables (note 29)

(d) Actuarial assumptions

The actuarial valuation of the Company’s long service awards was carried out by Alexander Forbes Consulting Actuaries Nigeria Limited (FRC/2012/0000000504). The actuarial report was signed by Brian Karidza (FRC/2017/NAS/00000016625), of Alexander Forbes Consulting Actuaries Nigeria Limited

Principal financial actuarial assumptions at the reporting date (expressed as weighted averages):

	2022	2021
Long-term average discount rate (p.a.)	7%	7%
Average pay increase (p.a.)	3%	3%
Average rate of inflation (p.a.)	7%	7%
Average duration (years)	4	4

These assumptions depict management's estimate of the likely future experience of the Company.

Notes to the Financial Statements

27 Employee benefit obligation (cont'd)

(d) Actuarial assumptions (cont'd)

Due to unavailability of published reliable demographic data in Nigeria, the demographic assumptions regarding future mortality are based on the rates published jointly by the Institute and Faculty of Actuaries in the UK.

Mortality

Pre-retirement A1967/70 Tables

The same assumption was applied at the previous valuation date.

Withdrawals/ Turnover

It was assumed that withdrawals would be in accordance with the following table:

Age Group	Annual rate of withdrawal
18 - 34	4%
35 - 44	3%
45 - 49	1%
50 - 54	2%
55 - 59	3%
60+	-

It is assumed that all the employees covered by the long service awards scheme would retire at age 60 (2021: age 60).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the long service awards obligation by the amounts shown below:

	Increase ₦'000	Decrease ₦'000
Discount rate (1% movement)	14,315	15,676
Salary increase rate (1% movement)	15,619	14,358
Mortality rate (1 year movement)	14,913	15,015

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown above.

Notes to the Financial Statements

28 Deferred tax liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2022 ₦'000	2021 ₦'000
Property, plant and equipment	(480,375)	(471,495)
Employee benefits obligation	6,117	6,476
Trade and other receivables	18,176	17,043
Stock Provision	35,671	11,267
Tax Rate	-	-
Leases	-	-
Foreign exchange Loss	63,066	45,050
	(357,345)	**(391,659)**

Movement in temporary differences is as follows:

	Balance I January 2021 ₦'000	Assets Recognised in profit or loss ₦'000	Recognised in other comprehensive income ₦'000	Balance I January 2022 ₦'000	Liabilities Recognised in profit or loss ₦'000	Balance 31 December 2022 ₦'000
Property, plant and equipment	(505,238)	33,743		(471,495)	(8,880)	(480,375)
Employee benefits obligation	-	-		6,476	(359)	6,117
Expected Credit Loss	35,373	(587)		17,043	1,133	18,176
Stock Provision				11,267	24,404	35,671
Tax Rate	(648)	648		-		-
IFRS 16	7,528	(7,528)		-		-
Actuarial gain	(205)	205		-		-
Foreign exchange Loss	(17,469)	62,519		45,050	18,016	63,066
	(480,659)	**89,000**	**-**	**(391,659)**	**34,314**	**(357,345)**

Notes to the Financial Statements

29	**Trade and other payables**	*Note*	**2022**	**2021**
			₦'000	**₦'000**
	Due to related parties		-	510,404
	Trade payables		411,362	431,920
	Dividend payable	*20(b)*	132,554	133,333
	Statutory deductions(VAT, WHT & PAYE Payable)		86,568	44,738
	Agency and cylinder deposit		248,022	282,421
	Leave allowance payable		9,759	9,758
	Accrued expenses		180,873	195,582
			1,069,138	**1,608,156**

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 90 days. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Included in the Accrued expenses are accrual for Good received but invoiced not yet received of N118.7million (2021: N129.5 million), accrual for tank rentals of N14.5million (2021: N14.32 million).and accrual for Directors fees of N15.5million (2021: N2.43 million).

The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 26

30	**Provision**	**2022**	**2021**
		₦'000	**₦'000**
	Claims levied by external parties	86,764	56,764
	Provision classified into:		
	Current	86,764	56,764
	Non-Current	-	-
		86,764	56,764

During the year, a claim of N30million was made by Special Pipings Materials Nigeria Limited against the company on the legality of the certificate of occupancy obtained over a parcel of land leased from Barjol Engineering Services. Even though, the parcel of land has been vacated by the company upon the expiration of the lease term, the Board's directive was that the matter should proceed to trial and a provision should be made for the claim.

Another claim of N 56.764 million was made against the company in the financial year ended 31 December 2021, by a vendor on the refusal of the company to make payments for goods supplied during the year for which a judgement has been passed by the High Court of Rivers State on the payments to be made by the company to repudiate the affected party.

The total liability of the company on the payments expected to be made for these claims totaled N 86.764 million (2021: N 56.764 million) and has been provided for in the year as the liability is expected to materialitise within a short period.

Notes to the Financial Statements

31 Lease Liabilities

	2022	2021
	N'000	N'000
At 1 January	-	103,818
Interest charged	-	4,782
Repayment of Lease	-	(108,600)
At 31 December	-	-
Lease Liabilities split into:		
Current	-	-
Non-Current	-	-
	-	-
Maturity Analysis		
Year 1	-	-
Year 2	-	-

The contract agreement between Aggreko, the provider of generating plant expired in the year 2021. In the lease agreement, the contractor is under obligation to provide the power generation station and the services, while the management would be responsible for the supply of gas, water and appropriate storage facilities for the generating plant. The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

All lease obligations are denominated in Naira.

32 Loans and Borrowings

	2022	2021
	N'000	**N'000**
Balance at 1 January	-	-
Proceeds from Borrowings	1,058,438	-
Interest Expense on Borrowings	40,690	-
Balance at 31 December	**1,099,128**	**-**
Loans and Borrowings classified into:		
Current	1,099,128	-
Non-Current	-	-
	1,099,128	**-**

During the year, commercial paper with an agreed principal amount of N1.220 billion was issued to United Capital Plc with the sole objective of using the proceeds from the commercial paper to purchase transportation vehicles and other equipment for the company. The commercial paper was issued on 24th October 2022 and has a tenor of 270 days expected to mature on 21st July 2023.

Transaction costs of N21.732 million was considered at initial recognition and incorporated in determining the Effective Interest Rate. The implied yield on the commercial paper is 17.50% and the loan has a discounted rate of 15.49%.

Notes to the Financial Statements

33 Contract liability

	2022	2021
	₦'000	₦'000
Customer advances	135,474	141,038
	135,474	**141,038**

The contract liability arises as a result of receipts of advances for which a related sale has not occurred in the current year

Some of the Company's customers make deposits for gases with the Company and utilise these deposits based on subsequent purchases from the Company. Deposits are recognised as revenue once sale occurs.

There were no significant changes in the contract liability balances during the reporting period

34 Financial risk management and financial instruments

Overview

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

- credit risk
- liquidity risk
- market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Committee, which is responsible for developing and monitoring the Company's risk management policies. The Committee reports regularly to the Board of directors on its activities.

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

The Company's Risk Committee oversees how management monitors compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Company's Risk Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes to the Financial Statements

34 Financial risk management and financial instruments (cont'd)

(a) 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 and arises principally from the Company's receivables from customers.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

		Carrying amount	
	Note	**2022**	**2021**
		₦'000	**₦'000**
Trade and other receivables	*22*	785,704	489,815
Related party receivables	*36*	1,591,979	-
Cash and cash equivalents*	*24*	1,071,043	2,015,915
		3,448,726	**2,505,730**

*excluding cash in hand

There are no collaterals associated with these balances.

Trade and other receivables

Management has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under the credit policies all customers requiring credit over a certain amount are reviewed and new customers analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit limits are established for qualifying customers and these limits are reviewed regularly by the Risk Committee. Customers that fail to meet the Company's benchmark creditworthiness may transact with the Company only on a cash basis.

Management reviews each customer's credit limit in line with the customer's performance in the preceding quarter and perceived risk factor assigned to the customer

More than 60 percent of the Company's customers have been transacting with the Company for over three years and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, whether they are a small and medium scale, listed or high profiled customer, industry, aging profile and existence of previous financial difficulties. Trade receivables relate mainly to the Company's high profiled customers. Customers with no trading activities for a period of up to one year are placed on a dormant customer list and future sales are made on cash basis only with approval of management.

Notes to the Financial Statements

34 Financial risk management and financial instruments (cont'd)

(a) Credit risk (cont'd)

The company establishes an allowance for impairment based on the expected credit losses in respect of trade and other receivables. The expected credit losses are estimated using provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

The maximum exposure to credit risk for trade and other receivables at the reporting date by type of counterparty was:

	2022 ₦'000	2021 ₦'000
Trade receivables		
- Major customers	820,038	535,481
- Impairment	(47,903)	(52,439)
	772,135	**483,042**
- Other receivables	13,569	6,773
- Impairment	-	-
	785,704	**489,815**

Impairment losses
The ageing of trade and other receivables at the reporting date was:

	Gross Carrying amount 2022 ₦'000	Impairment 2022 ₦'000	Gross carrying amount 2021 ₦'000	Impairment 2021 ₦'000
Past due 0-30 days	405,622	4,775	182,875	3,555
Past due 31-60 days	237,878	3,096	202,882	4,690
Past due 61-90 days	53,432	1,114	58,939	2,303
Past due 91-180 days	96,713	3,796	43,095	3,068
Past due 181-365 days	21,278	3,424	12,250	3,382
More than 365 days	31,699	31,699	35,441	35,441
	846,622	**47,904**	**535,482**	**52,439**

Notes to the Financial Statements

34 Financial risk management and financial instruments (cont'd)

(a) Credit risk (cont'd)

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	2022 ₦'000	2021 ₦'000
Balance at 1 January	(52,439)	(53,746)
Reversal for bad and doubtful debts	4,536	1,307
Balance at 31 December	**(47,903)**	**(52,439)**

The impairment loss relates to customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances and disputed invoices. The Company believes that all unimpaired amounts that are past due are still collectible, based on historic payment behaviour and the underlying customers' credit ratings. The impairment loss is included in administrative expenses in profit or loss.

Based on historic default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of trade and other receivables beyond 180 days. As at the date of approval of these financial statements, over 71 percent of the trade receivable balance, which includes the amount owed by the Company's most significant customers, have been collected.

Related parties receivables
Management has contract for major related parties' transactions and the exposure to credit risk is monitored on an ongoing basis.

There was change in the Company's ownership in the prior financial year. This change in ownership resulted in the change of the company's related parties. The Company only transacted with one related party in the financial year ended 31 December 2022. The transactions were done with TY group which is represented by either TY Holding or TY Danjuma. In monitoring related parties credit risk, considerations are given to their credit characteristics, including whether they are an individual or legal entity, whether they are a small and medium scale, listed or high profiled related party, industry, aging profile and existence of previous financial difficulties. Related party receivables relate mainly to the Company's high profiled related party.

The company establishes an allowance for impairment based on the expected credit losses in respect of related parties receivables. The expected credit losses are estimated using a term to maturity model. This approach uses a single measure of probability of default, loss given default and exposure at default for separate time intervals over the term of the receivable.

Notes to the Financial Statements

34 Financial risk management and financial instruments (cont'd)

(a) Credit risk (cont'd)

The maximum exposure to credit risk for related party receivables at the reporting date by type of counterparty was:

	Note	2022 ₦'000	2021 ₦'000
Trade receivables			
- Major related party		1,600,000	-
- Impairment	36	(8,021)	-
		1,591,979	**-**

	Gross Carrying amount 2022 ₦'000	Impairment 2022 ₦'000	Gross carrying amount 2021 ₦'000	Impairment 2021 ₦'000
Past due 0-30 days	1,600,000	8,021	-	-

Based on historic default rates, the Company believes that, apart from the above, no impairment allowance is necessary in respect of related party receivables beyond 180 days. As at the date of approval of these financial statements, 100 percent of the related party receivable balance has been collected.

Cash and cash equivalents
The Company held cash and cash equivalents (excluding cash in hand) of N1.02 billion as at 31 December 2022 (2021: N2.02 billion), which represents its maximum credit exposure on these assets. The Company mitigates the credit risk exposure of its bank balances by selecting reputable banks with good credit ratings and a history of strong financial performance.

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically, the Company's credit terms with customers are more favourable compared to payment terms to its vendors in order to help provide sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the Financial Statements

34 Financial risk management and financial instruments (cont'd)

(b) Liquidity risk (cont'd)

Exposure to liquidity risk

The following are the contractual maturities of financial liabilities and excluding the impact of statutory deductions. Statutory deductions include; Value added tax payable, Withholding tax payable, Pension payable and Personal Income Tax deductions (PAYE).

	Carrying amount ₦'000	Contractual cash flows ₦'000	6 months or less ₦'000	6 months to	1-3 1 year ₦'000	4-5 years ₦'000	Over 5 years ₦'000
Non-derivative financial liabilities							
31 December 2022							
Trade and other payables*	982,570	982,570	982,570	-	-	-	-
Commercial Paper	1,099,128	1,099,128		1,099,128			
	2,081,698	**2,081,698**	**982,570**	**1,099,128**	**-**	**-**	**-**
31 December 2021							
Trade and other payables*	1,075,657	1,075,657	1,075,657		-	-	-
	1,075,657	**1,075,657**	**1,075,657**		-	-	-

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

*Trade and other payables are exclusive of statutory deductions

Guarantees

The Company has not provided any guarantees as at year-end.

(c) Market risk

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

The Company manages market risks by keeping costs low through various cost optimisation programmes. Moreover, market developments are monitored and discussed regularly, and mitigating actions are taken where necessary.

(d) Currency risk

The Company is exposed to currency risk on sales and purchases that are denominated in a currency other than its functional currency, the Naira. The currencies in which these transactions primarily are denominated are Euro (€), British Pound Sterling (GBP), US Dollar (USD), South African Rand (ZAR) and Angolan Kwanza (AOA). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In managing currency risk, the Company aims to reduce the impact of short-term fluctuations on earnings. The Company's foreign sales are less than 4% of the total sales. Thus the exposure to currency risk in that regard is minimal. The Company's significant exposure to currency risk relates to its importation of various raw materials, spares and other property, plant and equipment. Although the Company has various measures to mitigate exposure to foreign exchange rate movement, over the longer term, however, permanent changes in exchange rates would have an impact on profit. The Company monitors the movement in the currency rates on an ongoing basis.

Notes to the Financial Statements

34 Financial risk management and financial instruments (cont'd)

(e) Exposure to currency risk

The Company's transactional exposure to Euro (€), British Pound Sterling (GBP), US Dollar (USD), South African Rand (ZAR), and Angolan Kwanza (AOA). Foreign currency risk was based on notional amounts as follows:

	31 December 2022						31 December 2021					
	EURO	**GBP**	**USD**	**ZAR**	**AOA**	**AED**	**EURO**	**GBP**	**USD**	**ZAR**	**AOA**	**AED**
Financial asset												
Cash and cash equivalents	704	89	1,297,047	-	-		15.37	(14)	93,454	-	-	
Financial liability												
Trade payables	(52,988)	-	55,347	(3,108,683)	(12,573,570)	-	(16,776)	-	101,001	(17,569)	1,540	(1,842)
Net exposure	**(52,284)**	**89**	**1,352,394**	**(3,108,683)**	**(12,573,570)**	-	**(16,761)**	**(14)**				

The following significant exchange rates applied during the year:

	Average rate		Year end spot rate	
	2022	**2021**	**2022**	**2021**
	₦	**₦**	**₦**	**₦**
EURO	457.72	467.50	479.45	468.72
GBP	522.03	556.42	540.70	559.90
USD	435.49	412.99	449.05	414.43
ZAR	25.81	25.88	26.51	26.08
AOA	0.93	0.66	0.88	0.73

(f) Sensitivity analysis

A reasonably possible loss of strength of the Naira, as indicated below, against the EURO, GBP, USD, ZAR and AOA at 31 December would have increased/(decreased) profit by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021, albeit that the reasonably possible foreign exchange rate variances were different, as indicated below.

Notes to the Financial Statements

34 Financial risk management and financial instruments (cont'd)

(f) Sensitivity analysis (cont'd)

	Profit or loss 20 percent strengthening ₦
31 December 2022	
EURO	(5,013,514)
GBP	9,620
USD	121,458,526
ZAR	(16,479,189)
AOA	(2,213,074)
31 December 2021	
EURO	(1,571,206)
GBP	(1,576)
USD	16,117,592
ZAR	(91,638)
AOA	226

A weakening of the Naira against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(g) Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. In managing interest rate risk, the Company ensures that significant portion of its interest rate risk exposure is at a fixed rate. The company have fixed interest facilities and it is therefore not exposed to interest rate risk

(h) Fair Value Sensitivity for fixed rate instruments

The Company does not account for any fixed rate financial liabilities as at fair value through profit or loss (FVTPL). Therefore a change in interest rates at the reporting date would not affect profit or loss.

(i) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, which the Company defines as adjusted net debt divided by total shareholders' equity. Management also monitors the level of dividends to all shareholders.

Notes to the Financial Statements

34 Financial risk management and financial instruments (cont'd)

(i) Capital management (cont'd)

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	2022 ₦'000	2021 ₦'000
Total liabilities	3,282,471	2,542,936
Less: Cash and cash equivalents	(1,072,412)	(2,017,284)
Net debt	**2,210,059**	**525,652**
Total equity	**3,501,418**	**3,053,075**
Debt to adjusted capital ratio	**0.63**	**0.17**

There were no changes in the Company's approach to capital management during the year.

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

(j) Fair values

Fair values vs carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	2022 Carrying amount ₦'000	2021 Carrying amount ₦'000
Financial assets measured at fair value			
Trade and other receivables	*22*	785,704	489,815
Related party receivables	*36*	1,591,979	-
Cash and cash equivalents	*24*	1,072,412	2,017,284
		3,450,095	**2,507,099**
Financial liabilities measured at amortised cost			
Other financial liabilities			
Trade and other payables*		982,570	1,563,418
		982,570	**1,563,418**

The basis for determining fair values is disclosed in Note 4.

Notes to the Financial Statements

34 Financial risk management and financial instruments (cont'd)

(j) Fair values (cont'd)

Trade and other receivables, related party receivable, cash and cash equivalents, trade and other payables are the Company's short term financial instruments. Accordingly, management believes that their fair values are not materially different from their carrying values.

*Trade and other payables is exclusive of statutory deductions

35 Contingencies and Commitments

(a) Guarantees
The Company had no guarantees or contingent liabilities in respect of guarantees as at year-end (2021: Nil).

(b) Pending litigation and claims
The Company is engaged in some legal actions which have arisen in the normal course of business and are being handled by the Company's external legal counsel.

i. Claims against the Company is N86.7m (2021: N56.7m). Based on independent legal advice, the directors are of the opinion that the liability of the Company will be determined by the honourable court of law, thus adequate provision of the estimated liability as advised by the legal counsel has been made in these financial statements.

ii. Contingent liabilities in respect of other pending litigations amounted to N82 million as at 31 December 2022 (2021: N113 million). In the opinion of the directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims.

Thus, no provision has been made in these financial statements.

The Company had no contingent assets as at year end (2021: Nil)

(c) Financial commitments
The directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the financial position of the Company as at 31 December 2022 and its operating results as at that date, have been taken into consideration in preparing of these financial statements.

36 Related parties

(a) Parent and ultimate controlling party
In 2021, TY Holdings Limited increased its shareholding to 72% after buying 60% interest in the equity of the company held by BOC Holdings Limited, UK.

Other related party transactions
Following the purchase of 60% shareholding of BOC holdings by TY Holdings on August 13, 2021, Cryostar SAS and African Oxygen Limited (Afrox) ceases to be a related party. The figure shown below for 2021 relate to transactions done from January 2021 till the acquisition date.

Notes to the Financial Statements

36 Related parties (cont'd)

(a) Parent and ultimate controlling party (cont'd)

		2022	2021
Related party balance		**₦'000**	**₦'000**
Related party receivables		1,600,000	-
Impairment on related party receivables	34a	(8,021)	-
		1,591,979	**-**
Amount due from/(to) related parties			
Amount due from related parties			
TY Danjuma	22	1,591,979	**-**

As part of its expansion plan, the company needed foreign currency to procure equipment. Due to scarcity of forex, the company approached a related party, TY Danjuma to assist the company to source for dollars from within his business network. The Board approved the decision in December 2022 and the fund was paid for the transaction. The currency of settlement is US dollars, and the rate is to be determined at spot rate on the future date when the currency is sourced. As at 31 December 2022, the equivalent foreign currency is being expected, hence this has been presented as related party receivable in the financial statement for the year ended 31 December 2022. Subsequent to year end and as at the date the Board approved this report, the transaction has been concluded and the currency of settlement obtained in the open market was paid to the Company in line with the agreed terms.

All outstanding balances with these related parties are to be settled in cash within twelve months of the reporting date. None of the balances are secured nor bear interest.

	2022	2021
Amount due to related parties	**₦'000**	**₦'000**
TY Holdings	**-**	(510,403)

Notes to the Financial Statements

36 Related parties (cont'd)

(a) Parent and ultimate controlling party (cont'd)

	Transaction values for the year ended 31 December	
	2022	2021
	N'000	₦'000
Sale of goods and services		
Cryostar SAS	-	2
Afrox	-	28,754
Administrative and others		
Afrox	-	(25,858)
Linde AG	-	(47,962)
TY Holdings	-	(510,403)
		(555,467)

With the change in ownership in the prior year ended 31 December 2021, Cryostar SAS, Afrox and Linde AG which are related parties to previous owners ceased to be related parties to the company. All the transactions relating to this former related parties are reported as third-party vendor transactions in the current year

(b) Transactions with key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director of the Company.

Loans to key management personnel

The Company did not grant any loans to or receive any loans from any key management personnel during the year.

Key management personnel compensation

In addition to their salaries, the Company also contributes to a post-employment defined contribution plan on behalf of key management personnel in the form of pensions, and to the Company's long service award scheme.

Notes to the Financial Statements

36 Related parties (cont'd)

(b) Transactions with key management personnel (cont'd)

Key management personnel compensation comprised the following:

	2022 ₦'000	2021 ₦'000
Short-term employee benefits	140,618	130,648
Post-employment benefits (pension contribution)	12,761	12,686
Other long-term benefits (long service awards)	-	-
	153,379	**143,334**

Key management personnel and director transactions

No key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of the entity. Directors of the Company do not purchase goods from the Company.

37 Events after the reporting date

There were no significant events after the reporting date which could have had a material effect on the state of affairs of the Company as at 31 December 2022 and the profit for the year ended on that date which have not been adequately accounted for or disclosed in these financial statements.

38 Changes to presentation of comparatives figures

The presentation of the comparative figures and the prior year's balances have been restated in line with IAS 1 (Presentation of financial statements), IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), IAS 7 (Statement of cash flows) and other applicable financial reporting standards for meaningful comparison or to correct prior year presentation errors. The details of these items are stated below:

a) Statement of profit or loss and other comprehensive income

Impairment write-back of N1.3 million and forex losses of N156.5m which were incorrectly presented under administrative expenses in the prior year Statement of financial position has been presented separately on the face of the statement of profit or loss in compliance with applicable accounting standards

b) Statements of Cash flows

The comparative cash flow has been represented in a manner that better reflect their nature and in compliance with applicable accounting standards with respect to:

i. depreciation on right of use asset and the withholding tax written off which were incorrectly classified as changes to working capital instead of adjustment to profit under operating activities of the statements of cash flows.

ii. the element of foreign exchange effect on cash and cash equivalent which was incorrectly presented within operating activities of the statements of cash flows.

Other national disclosures

Value added statement

	2022 ₦'000	**%**	**2021 ₦'000**	**%**
Revenue	5,338,879		3,699,230	
Bought in materials and services:				
- Local	(3,514,266)		(2,222,056)	
- Imported	(390,474)		(246,896)	
	1,434,139		**1,230,278**	
Other income	68,471		28,528	
Finance income	56,625		62,794	
Value added by operating activities	**1,559,235**	**100**	**1,321,600**	**100**
Distribution of value added				
To government as:				
Income tax	256,043	16	180,177	14
To employees:				
Salaries, wages and allowances	598,495	38	588,392	45
Retained in the business:				
Deferred tax charge	(34,314)	(2)	(89,000)	(7)
To maintain and replace:				
- Property, plant and equipment	290,668	19	270,013	20
To augment reserves	448,343	29	372,020	28
Value added	**1,559,235**	**100**	**1,321,602**	**100**

Five- Year Financial summary

	2022 ₦'000	2021 ₦'000	2020 ₦'000	2019 ₦'000	2018 ₦'000
Revenue	5,338,879	3,699,230	3,171,173	3,069,727	2,869,713
Results from operating activities	689,814	495,540	392,357	216,062	433,194
Profit before income tax	704,386	552,197	414,502	321,538	558,569
Profit for the year	448,343	372,020	292,107	215,967	357,604
Total comprehensive income for the year	448,343	372,020	292,543	215,967	357,604
Employment of funds					
Non Current Assets	2,412,617	2,118,885	2,554,960	2,707,560	2,372,200
Current assets	4,371,272	3,477,126	2,862,910	2,327,055	2,119,056
Current Liabilities	(2,906,307)	(2,131,352)	(2,038,872)	(1,690,098)	-1,298,954
Contract liability	(376,164)	(411,584)	(499,322)	(632,511)	(529,765)
Net assets	**3,501,418**	**3,053,075**	**2,879,676**	**2,712,006**	**2,662,537**
Funds employed					
Share capital	249,746	208,122	208,122	208,122	208,122
Retained earnings	3,251,672	2,844,953	2,671,554	2,503,884	2,454,415
	3,501,418	**3,053,075**	**2,879,676**	**2,712,006**	**2,662,537**
Per share data (kobo):					
Earnings per share (Basic and diluted)	90	89	70	52	86
Share price at year-end	740	945	870	550	352
Declared dividend per share	-	50	30	30	20
Bonus shares	1 for 5	-	-	-	-
Net assets per share	701	733	692	652	640