



**NASCON Allied Industries Plc**  
**(Registration number 11364)**  
**Annual report and financial statements**  
**for the year ended 31 December 2022**

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Directors, Officers and Professional Advisers

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<b>Country of incorporation and domicile</b>	Nigeria	
<b>Nature of business and principal activities</b>	The principal activities of the Company include, the processing of raw salt into refined, edible and grade salt. The Company also produces seasoning cubes.	
<b>Directors</b>	'Yemisi Ayeni	Chairperson/Independent Director
	Thabo Mabe	Acting Managing Director
	Fatima Aliko-Dangote	Executive Director
	Olakunle Alake	Director
	Halima Aliko-Dangote	Director
	Abdu Dantata	Director
	Sada Ladan-Baki	Director
	Chris Ogbechie	Independent Director
	Knut Ulvmoen	Director
	Fatima Wali-Abdurrahman	Director
<b>Company Secretary</b>	Adedayo A. Samuel	
<b>Registered office</b>	Salt City Ijoko Ota Ogun State	
<b>Auditors</b>	PricewaterhouseCoopers Chartered Accountants 5b Water Corporation Road, Victoria Island, Lagos	
<b>Ultimate holding company</b>	Dangote Industries Limited (Incorporated in Nigeria)	
<b>Bankers</b>	Access Bank Plc Ecobank Nigeria Limited First Bank of Nigeria Limited First City Monument Bank Limited Guaranty Trust Bank Plc Jaiz Bank Limited Keystone Bank Limited Stanbic IBTC Bank Plc Sterling Bank Plc United Bank for Africa Plc Union Bank of Nigeria Plc Wema Bank Plc Zenith Bank Plc	

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# Nascon Allied Industries Plc

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## Results at a Glance

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	Note(s)	2022 N '000	2021 N '000
Revenue	5	58,786,251	33,279,688
<b>Profit before taxation</b>		<b>8,374,191</b>	<b>4,238,043</b>
Taxation	17	(2,904,943)	(1,267,061)
<b>Profit for the year</b>		<b>5,469,248</b>	<b>2,970,982</b>
Share capital	27	1,324,719	1,324,719
Shareholders' fund		19,042,366	14,630,680
<hr/>			
<b>Per 50 kobo share data (kobo)</b>			
Earnings	19	206	112
Dividend	29	100	40

# Nascon Allied Industries Plc

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## Report of the Directors

### For the year ended 31 December 2022

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The Board of Directors is pleased to submit its report together with the audited financial statements of the Company for the year ended 31 December 2022.

#### 1. Review of activities

##### Principal activities

The principal activities of the Company include, the processing of raw salt into refined, edible and grade salt. The Company also produces seasoning cubes.

The Company recorded a profit after taxation of N5.47 billion (2021: N2.97 billion) for the year.

Proposed final dividend for 2022 is 100 kobo per share (2021: 40 kobo per share).

#### 2. Legal form

The Company was incorporated on April 30, 1973 as a limited liability Company. The shares are currently quoted on the Nigeria Exchange Limited.

#### 3. Directors and Directors' Interests

a. The directors of the Company during the year\* and to the date of this report are as follows:

'Yemisi Ayeni	Chairperson
Thabo Mabe	Acting Managing Director (Appointed February 12, 2022)
Fatima Aliko-Dangote	Executive Director
Olakunle Alake	Director
Halima Aliko-Dangote	Director
Abdu Dantata	Director
Sada Ladan-Baki	Director
Chris Ogbechie	Independent Director
Knut Ulvmoen	Director
Fatima Wali-Abdurrahman	Director

\* Paul Farrer resigned on February 11, 2022.

b. By virtue of Section 285 of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, one-third of the Directors of the Company who have been longest in office since their last election shall retire from office and in accordance with this section, Knut Ulvmoen, Abdu Dantata and Sada Ladan-Baki are retiring by rotation and being eligible, offer themselves for re-election.

c. No Director has a service contract not determinable within five years.

d. The Directors' interests in the issued share capital of the Company as recorded in the register of members and/or as notified by them for the purpose of Section 301 of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, are as follows:

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Report of the Directors

### 3. Directors and Directors' Interests (continued)

#### Directors Shareholding

	31 December 2021	31 December 2022	28 February 2023
(a) 'Yemisi Ayeni	200,000	200,000	200,000
(b) Thabo Mabe	-	-	-
(c) Fatima Aliko-Dangote	-	-	-
(d) Olakunle Alake	4,419,959	4,419,959	4,419,959
(e) Halima Aliko-Dangote	-	-	-
(f) Abdu Dantata	2,000,000	2,000,000	2,000,000
(g) Sada Ladan-Baki	1,028,497	1,028,497	1,028,497
(h) Chris Ogbechie	100,000	100,000	100,000
(i) Knut Ulvmoen	-	-	-
(j) Fatima Wali-Abdurrahman	-	-	-

### 4. Share capital history

Year	AUTHORISED NOMINAL VALUE		Other than by bonus		ISSUED AND PAID-UP		Total	
	No. of shares '000	Amount N '000	No. of Shares '000	Amount N '000	Bonus issue No. of Shares '000	Amount N '000	No. of Shares '000	Amount N '000
1991	40,000	20,000	-	-	-	-	14,110	7,055
1992	40,000	20,000	-	-	-	-	14,110	7,055
1993	40,000	20,000	-	-	-	-	14,110	7,055
1994	40,000	20,000	-	-	-	-	14,110	7,055
1995	80,000	40,000	-	-	-	-	14,110	7,055
1996	80,000	40,000	65,847	32,923	-	-	79,957	39,978
1997	200,000	100,000	-	-	-	-	79,957	39,978
1998	200,000	100,000	-	-	-	-	79,957	39,978
1999	200,000	100,000	-	-	-	-	79,957	39,978
2000	200,000	100,000	-	-	-	-	79,957	39,978
2001	200,000	100,000	-	-	-	-	79,957	39,978
2002	200,000	100,000	-	-	-	-	79,957	39,978
2003	200,000	100,000	-	-	-	-	79,957	39,978
2004	200,000	100,000	-	-	-	-	79,957	39,978
2005	200,000	100,000	-	-	-	-	79,957	39,978
2006	4,000,000	2,000,000	-	-	-	-	79,957	39,978
2007	4,000,000	2,000,000	2,127,909	1,063,954	-	-	2,207,865	1,103,932
2008	4,000,000	2,000,000	-	-	441,573	220,787	2,649,438	1,324,719
2009	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2010	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2011	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2012	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2013	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2014	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2015	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2016	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2017	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2018	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2019	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2020	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2021	4,000,000	2,000,000	-	-	-	-	2,649,438	1,324,719
2022*	2,649,438	1,324,719	-	-	-	-	2,649,438	1,324,719

\* Cancellation of the unissued shares approved at the 2022 Annual General Meeting.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Report of the Directors

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### 5. Directors' Responsibilities

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company in accordance with Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020.

In doing so, they ensure that:

- Proper accounting records are maintained;
- Applicable accounting statements are followed;
- Suitable accounting policies are adopted and consistently applied;
- Judgments and estimates made are reasonable and prudent;
- The going concern basis is used, unless it is inappropriate to presume that the Company will continue in business;
- Internal control procedures are instituted which as far as are reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.

### 6. Corporate governance

- The Company is committed to best practices and procedures in corporate governance. Its business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.
- Members of the Board of Directors meet at least once quarterly to decide on policy matters and direct the affairs of the Company; review its performance, its operations and finance; and formulate growth strategy. Attendance at Directors' meetings is impressive.
- In line with provisions of section 284(2) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, the record of Directors' attendance at Board Meetings is available for inspection at the Annual General Meeting.
  - The remuneration of the Executive Directors is fixed.
  - The Board of Directors consists of ten (10) members; Two (2) Executive Directors and eight (8) Non-Executive Directors of which two (2) are Independent.
  - Appointment to the Board is made by shareholders at the Annual General Meeting where a vacancy arises.
  - The Board, from time to time, routinely empowers committees to examine and deliberate on finance and establishment related issues.

### 7. Substantial interest in shares

The Registrar has advised that according to the Register of Members on 31 December 2022, two shareholders held more than 5% of the issued share capital of the Company. Dangote Industries Limited holds 62.19% with 1,647,763,557 ordinary shares of 50k each and Stanbic IBTC Nominees Limited holds 9.43% with 249,861,155 ordinary shares of 50k each.

### 8. Events after the reporting period

There were no significant developments since the statement of financial position 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 recognized.

### 9. Non-current assets

Movements in Property, Plant and Equipment during the year are shown in Note 20 to the financial statements. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the financial statements.

### 10. Company Distributors

The Company's products are distributed by customers across the country, who redistribute to wholesalers, confectioners, supermarkets and retailers. Salt retail packs come in 250g, 500g and 1kg and are sold under the brand name Dangote Refined Salt. Seasoning is sold under the brand name Dangote Classic Seasoning.

### 11. Suppliers

The Company obtains its materials at arm's length basis both locally and internationally. Amongst its main vendors are Bulk Commodities Limited and Dangote Packaging Limited.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Report of the Directors

### 12. Analysis of shareholdings

Analysis of shareholdings as at 31 December 2022

Range	No. of Holders	Percent	Units	Percent
1 - 1,000	21,818	64.86	8,263,996	0.31
1,001 - 5,000	6,107	18.15	15,243,711	0.58
5,001 - 10,000	1,973	5.87	14,138,944	0.53
10,001 - 50,000	2,800	8.32	59,586,981	2.25
50,001 - 100,000	454	1.35	33,326,005	1.26
100,001 - 500,000	372	1.11	76,701,116	2.90
500,001 - 1,000,000	47	0.14	31,920,561	1.20
1,000,001 - 5,000,000	48	0.14	96,842,925	3.66
5,000,001 - 10,000,000	8	0.02	49,172,176	1.86
10,000,001 and above	13	0.04	2,264,241,963	85.46
	<b>33,640</b>	<b>100</b>	<b>2,649,438,378</b>	<b>100</b>

### 13. Statutory Audit Committee

The Company, pursuant to section 404 (2) & (3) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020 has put in place an Audit Committee comprising three shareholders and two Directors as follows:

Okey Nwuke	- Shareholder/Chairman
Umar Farouk	- Shareholder/Member
Kudaisi Ayodele Sarat	- Shareholder/Member
Halima Aliko-Dangote	- Director/Member
Chris Ogbechie	- Director/Member

### 14. Independent auditors

PricewaterhouseCoopers (Chartered Accountants) have indicated their willingness to continue in office as the Company's Auditors in accordance with section 401(2) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020. A resolution will be proposed authorizing the Directors to fix their remuneration.

By Order of the Board



**Adedayo A. Samuel**  
Company Secretary  
FRC/2016/NBA/00000015291  
Union Marble House,  
1, Alfred Rewane Road,  
Falomo Ikoyi, Lagos  
Nigeria  
Tuesday, 28 February 2023



# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Corporate Governance Report

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### 1. General information

Nascon Allied Industries Plc is committed to best practices and procedures in corporate governance. The corporate governance practices are constantly under review, in line with dynamics of the business environment. There was considerable focus on the company's corporate governance practices especially at the Board level during the year.

The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the Company's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards.

The Board delegates the day-to-day running of the Company's affairs to the Managing Director supported in this task by an Executive Management Committee. The Board of Directors consists of ten (10) members; Two (2) Executive Directors and eight (8) Non-Executive Directors of which two (2) are Independent.

#### 1.1 Responsibilities of the Board of Directors

It is the responsibility of the Board of Nascon Allied Industries Plc to:

- Ensure integrity of the Company's financial and internal control policies.
- Ensure the accurate, adequate and timely rendition of statutory returns and financial reporting to the regulatory authorities (NGX Regulation Limited, Financial Reporting Council of Nigeria, Corporate Affairs Commission, Securities and Exchange Commission) and shareholders.
- Ensure value creation for shareholders, employees and other stakeholders.
- Review and approve corporate policies, strategy, annual budget and business plan.
- Monitor implementation of policies and the strategic direction of the Company.
- Set performance objectives, monitor implementation and corporate performance.
- Review and approve all major capital expenditure of the Company.
- Ensure that the statutory rights of shareholders are protected at all times.

### 2. Meeting of the Board of Directors

The Board of Directors holds several meetings during year to consider important corporate events and actions such as approval of corporate strategy, approval of annual budget, review of internal risk management and control systems and review of the Company performance.

#### 2.1 Record of Directors' meetings

In line with provisions of Section 284(2) of the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, the record of Directors' attendance at Board meetings is available for inspection at the Annual General Meeting.

#### Board Meetings and Attendance for the year ended 31 December 2022

The Board held eight (8) meetings in 2022.

Name	22-Feb-22	25-Apr-22	03-Jun-22	25-Jul-22	26-Oct-22	*22-Nov-22	15-Dec-22
'Yemisi Ayeni	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Thabo Mabe	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fatima Aliko-Dangote	Yes	No	Yes	Yes	Yes	Yes	Yes
Olakunle Alake	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Halima Aliko-Dangote	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Abdu Dantata	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sada Ladan-Baki	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Chris Ogbechie	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Knut Ulvmoen	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fatima Wali-Abdurrahman	Yes	Yes	Yes	Yes	Yes	Yes	No

\*Two meetings were held on 22 November 2022 by the Board.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Corporate Governance Report

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### 2.2 Key activities of the Board

- Extensive review of the Company's short and long term strategy, culminating in a detailed strategic plan.
- Consideration of the reports of the Board Committees with recommendations for approval.
- Consideration of the quarterly unaudited financial reports and audited full year reports and proposal of a dividend.
- Revision of the operational performance, marketing strategy and report on business and projects.
- Revision of the risk management objectives and implementation.

### 3. Board Committees

The Board delegated some of its responsibilities to standing committees that consist of Executive and Non-Executive Directors. These are the Establishment and General Purpose and Finance, Risk and Audit Committees. The Committees report to the Board of Directors on their activities and decisions which are ratified by the full Board.

In compliance with the practices of good corporate governance, the Chairman of the Board is not a member of either of these committees.

#### 3.1 The Finance, Risk and Audit Committee

The Finance, Risk and Audit Committee is responsible for monitoring the integrity of the financial statements of the Company. It also assesses and monitors all risks associated with the operations of the Company, developing and monitoring the implementation of Internal Control System, by Management. The Committee assists the Board in its responsibility relating to the oversight of the Company's financial credit and risk management policies and procedures.

The Committee is comprised of Seven (7) Directors, The Committee members are:

Chris Ogbechie	Chairman
Thabo Mabe	Member
Fatima Aliko-Dangote	Member
Olakunle Alake	Member
Halima Aliko-Dangote	Member
Abdu Dantata	Member
Sada Ladan-Baki	Member

Finance, Risk and Audit Committee attendance for the year ended 31 December 2022.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Corporate Governance Report

### 3.1 The Finance, Risk and Audit Committee (continued)

The Committee held four (4) meetings in 2022.

Name	21-Feb-22	25-Apr-22	22-Jul-22	21-Oct-22
Chris Ogbechie	Yes	Yes	Yes	Yes
Thabo Mabe	Yes	Yes	Yes	Yes
Fatima Aliko-Dangote	Yes	Yes	Yes	Yes
Olakunle Alake	Yes	Yes	Yes	Yes
Halima Aliko-Dangote	Yes	Yes	Yes	Yes
Abdu Dantata	Yes	Yes	Yes	Yes
Sada Ladan-Baki	Yes	Yes	Yes	Yes

#### Key matters of the committee

- Reviewed the 2021 annual reports and accounts.
- Reviewed the 2022 quarterly financial reports.
- Reviewed the critical accounting policies applied in the preparation of the financial statements.
- Reviewed the reports on key operational risks and the related controls and processes to manage and mitigate said risks.

### 3.2 The Establishment and General Purpose Committee

The Committee is responsible for reviewing the policy framework for employee and remuneration issues. The Committee also institutes a transparent procedure for the appointment of new Directors to the Board of Directors and makes recommendations to the Board regarding the tenures and the re-appointment of Directors.

The committee is comprised of five (5) Directors:

Knut Ulvmoen	Chairman
Thabo Mabe	Member
Fatima Aliko-Dangote	Member
Halima Aliko-Dangote	Member
Fatima Wali-Abdurrahman	Member

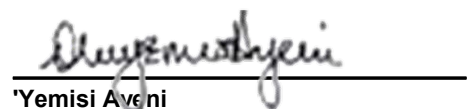
The Establishment and General Purpose Committee attendance for the year ended 31 December 2022.

The Committee held four (4) meetings in 2022.

Name	22-Feb-22	21-Apr-22	21-Jul-22	21-Oct-22
Knut Ulvmoen	Yes	Yes	Yes	Yes
Thabo Mabe	Yes	Yes	Yes	Yes
Fatima Aliko-Dangote	No	No	Yes	Yes
Halima Aliko-Dangote	Yes	Yes	Yes	Yes
Fatima Wali-Abdurrahman	Yes	Yes	Yes	Yes

#### Key matters of the committee

- Considered matters relating to human resources, including employee recruitment and development.
- Considered HSE and sustainability-related matters including safety achievements and trends.
- Considered matters relating to projects and fleet maintenance.



Yemisi Ayeni  
Chairperson

FRC/2013/IODN/00000073173  
28 February 2023

**February 2023**

**REPORT OF THE EXTERNAL CONSULTANTS ON THE PERFORMANCE OF THE BOARD OF NASCON ALLIED INDUSTRIES PLC FOR THE YEAR ENDED 31 DECEMBER 2022**

DCSL Corporate Services Limited was appointed to undertake an appraisal of the Board of Directors of NASCON Allied Industries Plc ("NASCON", "the Company") for the year-ended 31st December 2022 in line with the provisions of **Guideline 9 of the Securities and Exchange Commission Corporate Governance Guidelines (SCGG)**, and **Principle 14 of the Nigerian Code of Corporate Governance, 2018 (NCCG)**. The evaluation entailed a comprehensive review of the Company's corporate and statutory documents, the Minutes of Board and Committee meetings, policies currently in place, other ancillary documents made available to us, responses to Board and Peer Review Surveys administered to Directors.

The appraisal centered on confirming the level of the Board's compliance with corporate governance practices with particular reference to the provisions of the SCGG and the NCCG, using the following seven key corporate governance parameters:

1. Board Structure and Composition
2. Strategy and Planning
3. Board Operations and Effectiveness
4. Measuring and Monitoring of Performance
5. Risk Management and Compliance
6. Corporate Citizenship; and
7. Transparency and Disclosure.

Our review of the corporate governance standards and processes affirm that the Board has significantly complied with the provisions of the SCGG, the Nigerian Code of Corporate Governance and other relevant corporate governance standards. The activities of the Board and the Company are also in compliance with corporate governance best practice and individual Directors remain committed to enhancing the Company's growth.

Details of our key findings and recommendations are contained in our Report.

Yours faithfully,

**For: DCSL Corporate Services Limited**



Bisi Adeyemi  
**Managing Director**  
FRC/2013/NBA/00000002716

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Report of the Statutory Audit Committee

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This report is provided by the audit committee appointed in respect of the 2022 financial year of Nascon Allied Industries Plc.

### 1. Members of the Statutory Audit Committee

The Audit Committee is made up of five (5) members, three (3) representatives of Shareholders and two (2) members of the Board of Directors. Members of the Audit Committee are elected annually at General Meetings. The Committee in compliance with the requirement of corporate governance practice is chaired by a representative of the Shareholders and include:

Name	Position
Okey Nwuke	Chairman/Shareholder
Umar Farouk	Shareholder
Kudaisi Ayodele Sarat	Shareholder
Halima Aliko-Dangote	Director
Chris Ogbechie	Director

### 2. Meetings held by the Statutory Audit Committee

The committee held four (4) scheduled meetings during 2022;

Name	23-Feb-22	26-Apr-22	25-Jul-22	21-Oct-22
Okey Nwuke	Yes	Yes	Yes	Yes
Umar Farouk	Yes	Yes	Yes	Yes
Kudaisi Ayodele Sarat	Yes	Yes	Yes	Yes
Halima Aliko-Dangote	Yes	Yes	Yes	Yes
Chris Ogbechie	Yes	Yes	Yes	Yes

### 3. Statutory Audit Committee Responsibilities

- Ensuring the independence and objectivity of the Audit.
- Reviewing the adequacy and effectiveness of Nascon Allied Industries Plc's internal control policies prior to endorsement by the Board.
- Directing and supervising investigations into matters within its scope, such as evaluation of the effectiveness of Nascon Allied Industries Plc internal controls, business partner and client misconduct of interest.

In addition to the above stated responsibilities, the Committee carries out all such other functions as stipulated by the Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020.

### 4. Security Trading Policy

In accordance with Rule 17 of the NGX Regulation Limited Amended Listing Rules, the Board has put in place a Security Trading Policy which applies to all Directors and Employees and also to those who may at any time possess, any insider or material information about the Company.

The Security Trading Policy as endorsed by the Board is in substantial conformity with the standard set out in Rule 17 of the NGX Regulation Limited Listing Rules.

Accordingly, it is hereby confirmed that, after specific inquiries of all the Directors of the Company, they have all confirmed their compliance with the Policy in the period before the Company results were announced for the 2022 financial year. There is no case of non-compliance with the Policy.

Furthermore, the compliance of the Company Directors with the listing rules and the anti-insider trading policy will continue to be disclosed in the Company's quarterly and other financial reports.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Report of the Statutory Audit Committee

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### 5. External Auditors

In accordance with the provisions of Section 404(4) of Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, we have examined the Auditors' report for the year ended 31 December 2022. We have obtained all the information and explanations we required.

In our opinion, the Auditors' report is consistent with our review of the scope and planning of the Audit. We are also satisfied that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

Having reviewed the Auditors' findings and recommendations in the Management letter, we are satisfied with Management's response therein.



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**Okey Nwuke**  
Chairman, Audit Committee  
FRC/2017/ICAN/00000016523  
28 February 2023

**Umar Farouk**

**Kudaisi Ayodele Sarat**

**Halima Aliko-Dangote**

**Chris Ogbechie**

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Statements of Directors Responsibilities for the Preparation and Approval of the Financial Statements

### For the year ended 31 December 2022

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The Directors of Nascon Allied Industries Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2022, and the results of its operations, statement of cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards (IFRS) and in the manner required by Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, and the Financial Reporting Council of Nigeria Act.

In preparing the Annual report and financial statements, the Directors' are responsible for:

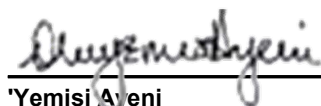
- Properly selecting and applying accounting policies;
- Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- Providing additional disclosures when compliance with the specific requirements in IFRS are insufficient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

The Directors' are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time, the financial position of the Company, and which enables them to ensure that the Annual Report And Financial Statements of the Company comply with IFRS;
- Maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- Taking such steps as are reasonably available to them to safeguard the assets of the Company; and preventing and detecting fraud and other irregularities.

The annual report and financial statements of the Company set out on pages 20 to 63, for the year ended 31 December 2022, were approved by the board of Directors on 28 February 2023.

Signed on behalf of the Board of Directors By:



**Yemisi Ayeni**  
Chairperson  
FRC/2013/IODN/00000073173



**Thabo Mabe**  
Managing Director  
FRC/2013/IODN/00000001741

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Certification pursuant to Section 405 (1) of Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020

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We have reviewed the financial statements of Nascon Allied Industries Plc for the year ended 31 December 2022.

Based on our knowledge, the financial statements do not:

- Contain any untrue statement of a material fact; or
- Omit to state a material fact, which would make the statement misleading in light of the circumstances under which such statements were made.

The financial statements and other financial information included in this report fairly present in all material respects the financial condition, results of operations and cash flows of the Company for the years presented in the financial statements.

The Directors are responsible for establishing and maintaining internal controls. We have:

- Designed such internal controls to ensure that material information relating to the Company is made known to us by other officers within the business, particularly during the year in which this report is being prepared.
- Evaluated the effectiveness of the Company's internal controls and reported to the Statutory Audit Committee on a quarterly basis and 90 days prior to 31 December 2022.
- Certified that the Company's internal controls are effective.
- Confirmed that there are no deficiencies in the design or operation of internal controls to report to the Company's auditors.

In addition, we have disclosed to the Company's External Auditors and Statutory Audit Committee that:

- There are no deficiencies in the design or operation of internal controls to report.
- There was no fraud, whether material or not, that involved management or other employees who have a significant role in the Company's internal controls.

We confirmed that there were no significant changes in internal controls or factors that could significantly affect internal controls subsequent to the date of our evaluation.



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**Thabo Mabe**  
Managing Director  
FRC/2013/IODN/00000001741



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**Aderemi Saka**  
Chief Financial Officer  
FRC\* "Waiver granted by FRCN"





## *Independent auditor's report*

To the Members of NASCON Allied Industries Plc

### *Report on the audit of the financial statements*

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#### *Our opinion*

In our opinion, NASCON Allied Industries Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

#### **What we have audited**

NASCON Allied Industries Plc's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year ended 31 December 2022;
- the statement of financial position as at 31 December 2022;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended;
- the accounting policies; and
- the notes to the annual report and financial statements.

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#### *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 *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

#### **Independence**

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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#### *Key audit matters*

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

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Accuracy of finance lease liabilities – N4 billion</i></b></p> <p>The accuracy of lease liabilities was considered to be a key audit matter due to the significant judgements applied by the directors in accounting for the company's significant lease contracts, the outcome of which has a material effect on the financial position and performance of the company.</p> <p>The application of IFRS 16 – Leases requires management to assess each active lease contract that the company is party to, in order to identify whether it is, or it contains, a lease. Further, management is also required to make significant judgements in the initial accounting for, and subsequent measurement of the leases, including:</p> <ul style="list-style-type: none"> <li>• identifying the lease tenure including any renewal options that are reasonably certain to be elected;</li> <li>• determining the terms of the fixed and variable lease payments;</li> <li>• evaluating and accounting for subsequent contract modifications; and</li> <li>• determining the discount rate to be applied to historic leases.</li> </ul> <p>Refer to accounting policies 2.9 and 3.1.4. The carrying amount of lease liabilities has been included in the statement of financial position with detailed disclosures in Note 32 to the financial statements.</p>	<p>We obtained and evaluated the company's accounting procedures for leases.</p> <p>Furthermore, we carried out substantive audit procedures on the lease liabilities computation performed by the directors. In particular, we:</p> <ul style="list-style-type: none"> <li>• inspected the terms of the underlying contracts, and evaluated management's identification of relevant lease tenures;</li> <li>• identified the fixed and variable lease payments in the contracts and compared to management's assessment;</li> <li>• recalculated the impact of lease modifications with reference to terms in the amended contracts;</li> <li>• evaluated the discount rate determined by management with reference to entity-specific borrowing rates and external market data;</li> </ul> <p>We evaluated the adequacy of disclosures made by the directors in compliance with the requirements of IFRS 16.</p>

### *Other information*

The directors are responsible for the other information. The other information comprises the Directors, Officers and Professional Advisers, Results at a Glance, Report of the Directors, Corporate Governance Report, Report of The External Consultants on the Performance of the Board of NASCON Allied industries Plc, Report of the Statutory Audit Committee, Statement of Directors' Responsibilities for the Preparation and Approval of the Financial Statements, Certification pursuant to Section 405 (1) of Companies and Allied Matters Act, Laws of the Federation of Nigeria 2020, Other National Disclosure - Value Added Statement and Other National Disclosure - Five Year Financial Summary (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the NASCON Allied Industries Plc 2022 Annual Report, which are expected to be made available to us after that date.

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 identified above 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 that we 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.

When we read the other sections of the NASCON Allied Industries Plc 2022 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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### *Responsibilities of the directors and those charged with governance for the financial statements*

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, 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.

Those charged with governance are responsible for overseeing the company's financial reporting process.

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### *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 judgment 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.
- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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, related safeguards.

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.

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### *Report on other legal and regulatory requirements*

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

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*Oladele Oladipo*  
For: **PricewaterhouseCoopers**  
Chartered Accountants  
Lagos, Nigeria

Engagement Partner: Oladele Oladipo  
FRC/2013/ICAN/00000002951



1 March 2023

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Statement of Profit or Loss and Other Comprehensive Income

	Notes	2022 N '000	2021 N '000
Revenue from contracts with customers	5	58,786,251	33,279,688
Cost of sales	7	(34,243,932)	(21,320,319)
<b>Gross profit</b>		<b>24,542,319</b>	<b>11,959,369</b>
Other income	8	124,293	52,271
Other operating gains	9	(794,555)	1,782,837
Movement in credit loss allowances	10	(16,147)	15,815
Distribution costs	11.1	(12,038,516)	(6,693,359)
Administrative expenses	11.2	(3,142,912)	(2,800,431)
<b>Operating profit</b>		<b>8,674,482</b>	<b>4,316,502</b>
Investment income	12	394,538	51,701
Finance costs	15	(694,829)	(130,160)
<b>Profit before taxation</b>		<b>8,374,191</b>	<b>4,238,043</b>
Taxation	17	(2,904,943)	(1,267,061)
<b>Profit for the year</b>		<b>5,469,248</b>	<b>2,970,982</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>5,469,248</b>	<b>2,970,982</b>
<b>Earnings per share information</b>			
Basic and diluted earnings per share (kobo)	19	206	112

The accounting policies on pages 24 to 36 and the notes on pages 37 to 63 form an integral part of the annual report and financial statements.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Statement of Financial Position

	Notes	2022 N '000	2021 N '000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	20	12,468,851	14,063,444
Right of use assets	21	3,894,704	3,837,926
		<b>16,363,555</b>	<b>17,901,370</b>
<b>Current Assets</b>			
Inventories	22	8,266,480	4,291,574
Trade and other receivables	23	11,639,953	9,794,102
Other financial assets	24	695,826	658,159
Other assets	25	5,558,747	832,177
Cash and cash equivalents	26	13,006,210	7,044,016
		<b>39,167,216</b>	<b>22,620,028</b>
<b>Total Assets</b>		<b>55,530,771</b>	<b>40,521,398</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Share capital	27	1,324,719	1,324,719
Share premium	28	434,037	434,037
Retained earnings	29	17,283,610	12,871,924
		<b>19,042,366</b>	<b>14,630,680</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Borrowings	31	38,570	38,570
Finance lease liabilities	32	3,701,309	3,139,417
Retirement benefit obligation	33	133,171	138,214
Deferred tax	18	2,125,796	2,356,442
		<b>5,998,846</b>	<b>5,672,643</b>
<b>Current Liabilities</b>			
Trade and other payables	34	20,177,590	14,089,986
Borrowings	31	4,792,881	-
Finance lease liabilities	32	301,028	500,845
Contract liabilities	35	2,099,314	4,274,213
Current tax payable	17	3,118,746	1,353,031
		<b>30,489,559</b>	<b>20,218,075</b>
<b>Total Liabilities</b>		<b>36,488,405</b>	<b>25,890,718</b>
<b>Total Equity and Liabilities</b>		<b>55,530,771</b>	<b>40,521,398</b>

The annual report and financial statements and the notes on pages 20 to 65, were approved by the board on the February 28, 2023 and were signed on its behalf by:

 <b>Yemisi Ajení</b> Chairperson FRC/2013/IODN/0000073173	 <b>Thabo Mabe</b> Managing Director FRC/2013/IODN/00000001741	 <b>Aderemi Saka</b> Chief Financial Officer FRC* "Waiver granted by FRCN"
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The accounting policies on pages 24 to 36 and the notes on pages 37 to 63 form an integral part of the annual report and financial statements.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Statement of Changes in Equity

	Share capital N '000	Share premium N '000	Retained earnings N '000	Total equity N '000
<b>Balance at 1 January 2021</b>	<b>1,324,719</b>	<b>434,037</b>	<b>10,961,062</b>	<b>12,719,818</b>
Profit for the year	-	-	2,970,982	2,970,982
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>2,970,982</b>	<b>2,970,982</b>
<b>Transactions with owners</b>				
Dividends	-	-	(1,060,122)	(1,060,122)
	-	-	<b>(1,060,122)</b>	<b>(1,060,122)</b>
<b>Balance at 31 December 2021</b>	<b>1,324,719</b>	<b>434,037</b>	<b>12,871,924</b>	<b>14,630,680</b>
<b>Balance at 1 January 2022</b>	<b>1,324,719</b>	<b>434,037</b>	<b>12,871,924</b>	<b>14,630,680</b>
Profit for the year	-	-	5,469,248	5,469,248
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>5,469,248</b>	<b>5,469,248</b>
<b>Transactions with owners</b>				
Dividends	-	-	(1,057,562)	(1,057,562)
	-	-	<b>(1,057,562)</b>	<b>(1,057,562)</b>
<b>Balance at 31 December 2022</b>	<b>1,324,719</b>	<b>434,037</b>	<b>17,283,610</b>	<b>19,042,366</b>

The accounting policies on pages 24 to 36 and the notes on pages 37 to 63 form an integral part of the annual report and financial statements.



# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Statement of Cash Flows

	Note	2022 N '000	2021 N '000
<b>Cash flows from operating activities</b>			
Cash generated from operations	36	4,874,504	5,799,083
Tax paid	17	(1,369,873)	(789,224)
Retirement benefit obligations paid	33	(5,043)	(14,210)
<b>Net cash from operating activities</b>		<b>3,499,588</b>	<b>4,995,649</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	20	(1,290,512)	(1,203,269)
Proceed from sale of property, plant and equipment	20	-	2,250,000
Investment income	12	394,538	51,701
<b>Net cash (used in)/from investing activities</b>		<b>(895,974)</b>	<b>1,098,432</b>
<b>Cash flows from financing activities</b>			
Borrowings	31	4,792,881	-
Dividends paid	30	(1,057,562)	(1,060,122)
Finance costs	15	-	(80,585)
Payment on lease liabilities	32	(375,199)	(535,177)
<b>Net cash from/(used in) financing activities</b>		<b>3,360,120</b>	<b>(1,675,884)</b>
<b>Total cash and cash equivalents movement for the year</b>		<b>5,963,734</b>	<b>4,418,197</b>
Cash and cash equivalents at the beginning of the year		7,044,016	2,600,370
Effect of exchange rate movement on cash balances		(1,540)	25,449
<b>Total cash and cash equivalents at end of the year</b>	26	<b>13,006,210</b>	<b>7,044,016</b>

The accounting policies on pages 24 to 36 and the notes on pages 37 to 63 form an integral part of the annual report and financial statements.



# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### Corporate information

Nascon Allied Industries Plc is a public limited company incorporated and domiciled in Nigeria.

The annual report and financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on Tuesday, 28 February 2022.

### 1 General information

Nascon Allied Industries Plc (Formerly known as National Salt Company of Nigeria) was incorporated in Nigeria as a limited liability company on 30 April 1973. It was fully privatised in April, 1992 and became listed on the (then) Nigerian Stock Exchange on 20 October, 1992. At a general meeting held on 29 September 2006, the shareholders approved the acquisition of the assets, liabilities and business undertakings of Dangote Salt Limited and the issue and allotment of additional NASCON PLC shares as the purchase consideration. The major shareholder of the Company is Dangote Industries Limited which owns 62.19% of the issued share capital, while the remaining 37.81% is held by the general public.

The ultimate controlling party is Dangote Industries Limited, a Company incorporated in Nigeria.

The registered address of the Company is Salt City, Ijoko Ota, Ogun State.

#### 1.1 The principal activity

The principal activities of the Company include, the processing of raw salt into refined, edible and grade salt. The Company also produces seasoning cubes. The Company's products are sold through distributors across the country.

#### 1.2 Financial period

The financial statements cover the financial year from 1 January 2022 to 31 December 2022 with comparatives for the year ended 31 December 2021.

#### 1.3 Going concern status

The Company has consistently generated profits since 2007. The Directors believe that there is no intention or threat from any party to curtail significantly its line of business in the foreseeable future. Thus, these Annual Report And Financial Statements are prepared on a going concern basis.

### 2 Significant accounting policies

The significant accounting policies applied in the preparation of these Annual Report And Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act (CAMA) and Financial Reporting Council of Nigeria (FRCN) and effective at the time of preparing these financial statements.

#### 2.2 Basis of measurement

The Annual report and financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### 2. Significant accounting policies (continued)

Nascon Allied Industries Plc transfers control to the customers after the goods have been delivered to the customer. However, the customer obtains the right to return goods that are bad or damaged immediately they have been delivered.

Sale occurs when the goods have been delivered to the specific location, the risks of obsolescence and loss have been transferred to the customer, and when the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sale of goods is recognised based on the price specified in the contract, net of the estimated rebates and returns. Rebates are estimated at the inception of the contract except where the period between the recognition of revenue and grant of rebates is within one month.

Returns on goods are considered at the inception of the contract except where the timing between when the revenue is recognised and when the returns occur is considered immaterial. In these instances, the returns are accounted for when they occur. Contract liability is recognised for consideration received for which performance obligation (sales of goods) has not been met.

Specifically, revenue from the sale of goods is recognised when goods are delivered (or collected, if sold under self-collection terms) and legal title is passed.

#### 2.5 Investment income

This represents interest income earned on short term placements with banks and other financial assets at amortised cost - treasury bills. Interest income is calculated by applying the effective interest rate to the gross carrying amount of financial assets. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to its gross carrying amount.

#### 2.6 Employee benefits

##### Short-term employee benefits

Short term employee benefits: any wages, salaries, incentives, other contributions and paid annual leave are accrued in the period in which the associated services are rendered by employees of the Company.

##### Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or as a result of an offer made to encourage voluntary redundancy. The expected cost of compensation is recognized as an expense in the profit or loss account when it occurs.

##### Retirement benefit obligations

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The company's net obligation in respect of defined benefit gratuity scheme is calculated by estimating the amount of future benefits that employees have earned in return for their service in the current and prior years and that benefit is discounted to determine the present value.

##### Defined contribution plan

The employees of the Company are members of a Defined Contribution Pension plan administered by third-party Pension Fund Administrators under the Pension Reform Act of 2014. The assets of the plan are held separately from those of the Company. The scheme is funded in accordance with the Pension Reform Act of 2014 with the employee and employer contribution representing 8% and 10% respectively of the employee's relevant emoluments.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### 2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

#### Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) using statutory tax rates at the reporting date. Tertiary Education tax is assessed at 2.5% of the assessable profits as defined by the Tertiary Education Tax Act.

#### Deferred tax

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its 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.

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

Current and deferred tax are recognised in the Statement of Profit or Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are recognised in other comprehensive income or directly in equity respectively.

### 2.8 Property, plant and equipment

#### 2.8.1 Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. Assets under construction are disclosed as capital work-in-progress. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets.

Purchased software that is integral to the functionality of the related equipment is capitalized as part of the equipment.

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 and 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 recognized in the statement of profit or loss and other comprehensive income.

#### 2.8.2 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized 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 derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### 2.8 Property, plant and equipment (continued)

#### 2.8.3 Depreciation

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. 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.

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

Freehold land	Nil
Buildings	50 years
Tools and equipment	4 years
Plant and machinery	15 years
Furniture and fittings	5 years
Motor vehicles	4 years
Computer equipment	3 years

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

Capital work-in-progress is not depreciated. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees capitalised and determined to be directly required to bring the asset to the location and condition for intended use and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

#### 2.8.4 Derecognition

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. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### 2.9 Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

The Company's leases include land and building. The lease terms are typically for fixed periods ranging from 2- 20 years but may have extension options as described below. On renewal of a lease, the terms may be renegotiated.

Contracts may contain both lease and non-lease components. The Company has elected not to separate lease and non-lease components and instead account for these as a single lease component. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

#### Lease liabilities

At the commencement date of a lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company's exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the company's incremental borrowing rate (IBR) as the rate implicit in the lease cannot be readily determined. The IBR represents the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company has adopted its approved rate of securing funds of 9%.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made, lease interest paid is presented as cash flow from financing. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### 2.9 Leases (continued)

#### Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date, less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

#### Short-term lease and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than N2,305,500 when new, and depends on the nature of the asset, e.g., small equipment. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in the Statement of Profit or Loss on a straight-line basis over the lease term.

#### Extension and termination options

Extension and termination options are included in the Company's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and the termination options held are exercisable only by the lessee and the lessor.

### 2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of raw materials, packaging materials, work in progress, oil and lubricants, engineering spares and consumable stock is determined on a weighted average basis. Cost of finished goods is determined on the basis of actual costs.

Goods in transit are valued at the invoice price. Cost of inventories comprises of all costs of purchase, conversion cost (materials, labour and overhead) and other costs incurred to bring inventories to their present location and condition. Finished goods, which include materials, direct labour and factory overheads, are valued at actual cost basis using first in, first out.

Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost basis.

### 2.11 Provisions and contingencies

Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation (when the time value of money is material).

The amount recognised as provision is the present value of the expenditure expected to be required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where some or all of the expenditure required to settle a provision is expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

If the Company has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### 2.11 Provisions and contingencies (continued)

#### 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 event 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.

### 2.12 Financial instruments

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Broadly, the classification possibilities, which are adopted by the Company as applicable, are as follows:

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows); or
- Fair value through other comprehensive income. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is achieved by both collecting contractual cash flows and selling the instruments); or

Financial liabilities:

- Amortised cost; or
- Mandatorily at fair value through profit or loss. (This applies to liabilities which are held for trading).

Note 37 Financial instruments and risk management presents the financial instruments held by the Company based on their specific classifications.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the Company are presented below:

#### Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a currently legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in event of default, insolvency or bankruptcy of the Company or the counterparty.

#### Trade and other receivables

##### Classification

Trade and other receivables, excluding, when applicable, VAT, WHT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 23).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding, and the Company's business model is to collect the contractual cash flows on trade and other receivables.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### 2.12 Financial instruments (continued)

#### Recognition and measurement

Trade and other receivables are recognised when the Company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

#### Measurement and recognition of expected credit losses

Nascon Allied Industries Plc applies the simplified approach or the three-stage general approach to determine impairment of receivables depending on their respective nature. The simplified approach is applied for trade receivables while the general approach is applied to other receivables and cash and bank balances. The Company applies a simplified approach in calculating ECLs on its trade receivables by recognizing a loss allowance that is based on the lifetime ECLs at each reporting date using the provision matrix. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The three-stage approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stage 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the historical pattern of the receivable and assessing the portion of the outstanding receivable that is deemed to be irrecoverable at the reporting period. The EAD is the total amount of outstanding receivable at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the Gross Domestic Product (GDP) in Nigeria, Brent oil price, and inflation rate, to arrive at an ECL which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss and presented on the face of the statement of profit or loss.

#### Write off policy

The Company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the Company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in the Statement of Profit or Loss.

#### Credit risk

Details of credit risk are included in the trade and other receivables note (note 23) and the financial instruments and risk management note (note 37).

#### Derecognition

Refer to note 2.12.1 section of the accounting policy for the policies and processes related to derecognition.

Any gains or losses arising on the derecognition of trade and other receivables is included in the Statement Profit or Loss in the derecognition gains/(losses) on financial assets at amortised cost line item.



# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### 2.12 Financial instruments (continued)

#### Trade and other payables

##### Classification

Trade and other payables (note 34), excluding VAT and amounts received in advance, are classified as financial liabilities and are subsequently measured at amortised cost.

##### Recognition and measurement

They are recognised when the Company becomes a party to the contractual provisions, and are measured, on initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured 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.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in the Statement of Profit or Loss in finance costs (note 15).

Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk. Refer to note 37 for details of risk exposure and management thereof.

##### Derecognition

Refer to note 2.12.1 section of the accounting policy for the policies and processes related to derecognition.

#### Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand, cash balances with banks and fixed deposits with maturities of three months or less. Cash and cash equivalents are stated at carrying amounts which are deemed to be at fair value.

Cash and cash equivalents are repayable on demand; hence no impairment was determined for cash and cash equivalents. Due to the liquid nature of cash and cash equivalents, management believes that the ECL on them will be immaterial for recognition.

### 2.12.1 Derecognition

#### 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 party. 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. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

#### Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### 2.12 Financial instruments (continued)

#### Reclassification

##### Financial assets

The Company only reclassifies affected financial assets if there is a change in the business model for managing financial assets. If a reclassification is necessary, it is applied prospectively from the reclassification date. Any previously stated gains, losses or interest are not restated.

The reclassification date is the beginning of the first reporting period following the change in business model which necessitates a reclassification.

##### Financial liabilities

Financial liabilities are not reclassified.

### 2.13 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until the asset is ready for its intended use.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 2.14 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Company will comply with the conditions attaching to them; and
- the grants will be received.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income in the period in which it becomes receivable.

Government grants related to assets, including non-monetary grants at fair value, are presented in the Statement of Financial Position by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

### 2.15 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are recognised at par value and classified as share capital in equity. Any amounts received from the issue of shares in excess of par value is classified as 'share premium' in equity. Dividends are recognised as a liability in the year in which they are declared.

### 2.16 Earnings per share

The Company presents basic Earnings Per Share (EPS) 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 year.

Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for effects of all potentially dilutive shares.

# Nascon Allied Industries Plc

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## Accounting Policies

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### 3 Critical accounting judgement and key sources of estimation uncertainty

In the application of the Company's significant accounting policies, described in Note 2, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### 3.1 Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### 3.1.1 Impairment testing

The recoverable amounts of the Tomato Paste plant have been determined based on the higher of value-in-use calculations and fair values less costs to sell. These calculations require the use of estimates, assumptions and inputs such as market information, monetary indices and condition of the assets. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of the Tomato Paste plant.

##### 3.1.2 Useful life of property, plant and equipment

The Company reviewed and revised the estimated useful lives of its property, plant and equipment on transition to IFRS on 1 January, 2011, and under IFRS, has reviewed them annually at each reporting date. Useful lives are estimated based on the engineer's report, as at each reporting date. Some of the factors considered include the current service potential of the assets, potential cost of repairs and maintenance.

There is a degree of subjective judgment in such estimation which has a resultant impact on profit and total comprehensive income for the year.

##### 3.1.3 Allowances for credit losses

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's history, existing market conditions as well as forward looking estimates at the end of each reporting period.

##### 3.1.4 Measurement of lease liabilities

The application of IFRS 16 requires the directors to make judgements that affect the measurement of lease liabilities. These include identifying the contract tenure, determining the terms of the fixed and variable lease payments, accounting for contract modifications and determining the discount rate to be applied to historic leases.

The Company has applied judgement to determine the lease tenure for those lease contracts that include a renewal or termination option. The assessment of whether the company is reasonably certain to exercise a renewal option or reasonably certain not to exercise a termination option significantly impacts the value of lease liabilities recognized on the balance sheet. Where an extension option exists, the company recognizes this as part of the lease liability as invariably this is exercised. The company also revised some lease liabilities when the lease term was modified. This required exercise of judgement in accounting for changes in contract terms. Estimates are also required to determine the appropriate discount rate used to measure lease liabilities.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### . Critical accounting judgement and key sources of estimation uncertainty (continued)

#### 3.1.5 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, Management assessed the probability of expected future taxable profits based on expected revenues for the next five years. Details of the Company's recognised and unrecognised deferred tax assets and liabilities are as disclosed in Note 18.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

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### 4. New Standards and Interpretations

#### 4.1 New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting period and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

##### 4.1.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2023 or later periods but are not relevant to its operations:

##### **Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.**

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the company's financial statements.

##### **IFRS 17 Insurance Contracts**

The IFRS establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts.

The effective date of the standard is for years beginning on or after January 1, 2023.

The company expects to adopt the standard for the first time in the 2023 financial statements.

It is unlikely that the standard will have a material impact on the company's financial statements.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
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### 5. Revenue from contracts with customers

Sale of goods	58,786,251	33,279,688
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Revenue is recognised at a point in time.

### 6. Segmental information

The Company has identified reportable segments which represent the structure used by the Management to make key operating decisions and assess performance.

The Company's reportable segments are treated as operating segments which are differentiated by the activities that each undertake, the products they manufacture and the markets they operate in.

These reportable segments as well as the products and services from which each of them derives revenue are set out below:

#### Segmental revenue and results

The Management assesses the performance of the operating segments based on the measure of gross profit. This measure excludes the effects of non-recurring expenditure from the operating segments. The measure also excludes the effects of unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to operating segments, as this type of activity is driven by the central treasury function. This measure is consistent with all prior periods which are presented.

The segment information provided by the Management is presented below:

#### 2022

	Revenue		
	Total segment revenue	Segment cost of sales	Segment gross profit/(loss)
	N '000	N '000	N '000
Salt	53,495,266	(31,569,111)	21,926,155
Seasoning	5,290,985	(2,659,871)	2,631,114
Tomato Paste	-	(14,950)	(14,950)
<b>Total</b>	<b>58,786,251</b>	<b>(34,243,932)</b>	<b>24,542,319</b>

#### 2021

	Revenue		
	Total segment revenue	Segment cost of sales	Segment gross profit/(loss)
	N '000	N '000	N '000
Salt	29,752,031	(18,871,102)	10,880,929
Seasoning	3,527,657	(2,355,329)	1,172,328
Tomato Paste	-	(19,811)	(19,811)
Vegetable Oil	-	(74,077)	(74,077)
<b>Total</b>	<b>33,279,688</b>	<b>(21,320,319)</b>	<b>11,959,369</b>

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

### 6. Segmental information (continued)

#### Segment assets and liabilities

The amounts provided from the Management with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

The deferred tax assets and retirement benefit obligations are not considered to be segment assets and are not allocated to segments.

Capital expenditure reflects additions to non-current assets, other than financial instruments, deferred tax assets, post employment benefit assets and rights arising under insurance contracts.

The amounts provided by Management with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The company's interest-bearing liabilities are not considered to be segment liabilities but rather are managed by the company's treasury function.

The contingent liabilities as disclosed in note 41.1 relate to the Salt segment.

The depreciation as disclosed in note 13 relate to the Salt and Seasoning segments.

The table below provides information on segment assets and liabilities as well as a reconciliation to total assets and liabilities as per the statement of financial position.

#### 2022

	<b>Total assets</b>	<b>Total liabilities</b>
	<b>N '000</b>	<b>N '000</b>
Salt	49,723,430	32,585,936
Seasoning	5,704,793	1,643,502
Tomato Paste	102,548	-
<b>Total</b>	<b>55,530,771</b>	<b>34,229,438</b>
<b>Unallocated</b>		
Retirement benefit obligations	-	133,171
Deferred tax	-	2,125,796
<b>Total as per statement of financial position</b>	<b>55,530,771</b>	<b>36,488,405</b>

#### 2021

	<b>Total assets</b>	<b>Total liabilities</b>
	<b>N '000</b>	<b>N '000</b>
Salt	35,772,571	22,712,449
Seasoning	4,598,988	683,613
Tomato Paste	149,839	-
<b>Total</b>	<b>40,521,398</b>	<b>23,396,062</b>
<b>Unallocated</b>		
Retirement benefit obligations	-	138,214
Deferred tax	-	2,356,442
<b>Total as per statement of financial position</b>	<b>40,521,398</b>	<b>25,890,718</b>

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>6. Segmental information (continued)</b>		
<b>Geographical information</b>		
	<b>Revenue by location of customer N '000</b>	<b>Revenue by location of customer N '000</b>
East	3,477,803	2,672,444
West	14,199,742	9,692,464
North	41,108,706	20,914,780
<b>Total</b>	<b>58,786,251</b>	<b>33,279,688</b>
<b>7. Cost of sales</b>		
Raw materials consumed	30,451,330	18,014,086
Employee costs (Note 16)	978,799	1,050,184
Depreciation of property, plant and equipment (Note 13)	661,949	755,922
Depreciation of right of use assets (Note 13)	145,520	146,244
Manufacturing expenses	2,006,334	1,229,550
Loading	-	124,333
	<b>34,243,932</b>	<b>21,320,319</b>
<b>8. Other income</b>		
Rental income	16,544	-
Sale of scrap	93,038	25,436
Insurance claim	14,711	26,835
	<b>124,293</b>	<b>52,271</b>
<b>9. Other operating gains</b>		
<b>Gains/(losses) on disposals, scrappings and settlements</b>		
Property, plant and equipment (Note 20.5)	(425,857)	745,695
<b>Foreign exchange (losses)/gains</b>		
Net foreign exchange (losses)/gains	(368,698)	1,037,142
<b>Total other operating (losses)/gains</b>	<b>(794,555)</b>	<b>1,782,837</b>
This relates to exchange differences arising from payments and receipts in foreign denominated currencies.		
<b>10. Movement in credit loss allowances</b>		
<b>Trade receivables</b>		
Impairment writeback/(charge) on trade receivable (Note 23)	(24,058)	17,470
Impairment (charge)/writeback on intercompany receivables (Note 23)	10,331	(1,471)
Impairment (charge)/writeback on staff loans (Note 23)	(2,420)	(184)
	<b>(16,147)</b>	<b>15,815</b>



# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>11. Operating expenses</b>		
<b>11.1 Distribution cost</b>		
Market activation	339,636	289,762
Branding expenses	252,375	600,905
Delivery expenses	10,301,959	4,545,597
Depreciation for trucks (Note 13)	1,144,546	1,257,095
	<b>12,038,516</b>	<b>6,693,359</b>

<b>11.2 Administrative expenses</b>		
Management fees	130,602	135,073
Auditors remuneration	26,000	20,000
Provision for bad debts	-	2,300
Bank charges	49,089	50,073
Cleaning	43,862	34,212
Consulting and professional fees	85,403	52,036
Depreciation of property, plant and equipment (Note 13)	442,938	403,091
Depreciation right of use assets (Note 13)	4,341	5,893
Directors' remuneration (Note 39)	153,253	152,625
Employee costs (Note 16)	1,402,535	1,213,813
Entertainment	37,672	45,370
Business development	77,950	29,848
Insurance	51,591	67,553
Petrol and oil	24,710	22,351
Printing and stationery	32,567	22,305
Repairs and maintenance	67,221	60,335
Secretarial fees	67,891	52,390
Security	61,555	66,470
Staff welfare	115,398	105,245
Telephone and fax	103,844	96,919
Travel - local	163,554	160,498
Travel - overseas	936	2,031
	<b>3,142,912</b>	<b>2,800,431</b>

**11.3 In compliance with the rules issued by the Financial Reporting Council of Nigeria rule 2b and 3 amended we disclose as follows.**

Name of professional	FRC number of the professional	Name of firm	FRC number of the firm	Nature of service
Ayodeji Odeleye	FRC/2014/NIESV/00000007152	Biodun Odeleye & Co	FRC/2014/NIESV/00000007152	Valuation of tomato paste plant
Ogunbamowo Olukunle Adebusayo	FRC/2013/ICAN/00000000818	Deloitte & Touche	-	Tax computation

No non-audit services were provided by our auditors.

## 12. Investment income

Interest income on bank balances	136	377
Interest income on short term fixed deposit	394,402	51,324
	<b>394,538</b>	<b>51,701</b>

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>13. Depreciation</b>		
The following items are included within depreciation:		
<b>Depreciation</b>		
Property, plant and equipment (Note 20)	2,249,433	2,416,108
Right of use assets (Note 21)	149,861	152,139
	<b>2,399,294</b>	<b>2,568,247</b>
<b>Total depreciation</b>		
Depreciation (Administrative expenses Note 11.2)	442,938	403,091
Depreciation (Cost of sales Note 7)	661,949	755,922
Depreciation (Distribution cost Note 11.1)	1,144,546	1,257,095
	<b>2,249,433</b>	<b>2,416,108</b>
<b>Depreciation right of use assets</b>		
Depreciation (Administrative expenses Note 11.2)	4,341	5,893
Depreciation (Cost of sales Note 7)	145,520	146,246
	<b>149,861</b>	<b>152,139</b>
<b>14. Auditors' remuneration</b>		
Fees	26,000	20,000
<b>15. Finance costs</b>		
Interest on overdraft	-	80,585
Interest on borrowings	126,714	-
Interest on lease liabilities (Note 32)	568,115	49,575
<b>Total finance costs</b>	<b>694,829</b>	<b>130,160</b>
In the current year, the Company had a Usance facility with Zenith Bank Plc and United Bank for Africa Plc at an average rate of 13.6% per annum . The value of the borrowing was based on drawdown of the facility.		
<b>16. Employee costs</b>		
The following items are included within employee benefits expense:		
<b>Direct labour costs</b>		
Basic	645,780	693,815
Medical aid - company contributions	11,311	13,265
Other payroll levies	5,696	5,800
Leave pay provision charge	19,871	22,071
Short term benefit	243,092	261,876
Other short term costs	639	134
Post-employment benefits - Pension (Defined contribution plan)	52,410	53,223
<b>Direct labour costs ( Note 7)</b>	<b>978,799</b>	<b>1,050,184</b>

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>16. Employee costs (continued)</b>		
<b>Indirect employee costs</b>		
Basic	769,553	723,853
Bonus	149,533	110,042
Medical aid - company contributions	6,437	5,208
Other payroll levies	27,051	25,157
Leave pay provision charge	38,499	33,017
Short term benefit	339,628	253,576
Other short term costs	14,466	14,781
Post-employment benefits - Pension (Defined contribution plan)	57,368	48,179
<b>Administrative cost (Note 11.2)</b>	<b>1,402,535</b>	<b>1,213,813</b>
<b>Total employee costs</b>		
Direct employee costs	978,799	1,050,184
Indirect employee costs	1,402,535	1,213,813
	<b>2,381,334</b>	<b>2,263,997</b>
<b>Average number of persons employed during the year</b>		
	Number	Number
Management	65	59
Senior staff	213	203
Junior staff	312	319
	<b>590</b>	<b>581</b>
<b>The table below shows the number of employees (excluding Directors), whose earnings during the year, fell within the ranges shown below in thousand: N'000</b>		
	Number	Number
N1 - N5,000	536	538
N5,001 - N10,000	38	34
N10,001 - N15,000	10	6
N15,001 - N20,000	6	3
	<b>590</b>	<b>581</b>
<b>17. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax	2,815,691	1,180,367
Education tax	294,237	174,498
Police Trust Fund Levy	419	212
Adjustments recognised in the current year in relation to tax of prior year	25,241	-
	<b>3,135,588</b>	<b>1,355,077</b>
<b>Deferred</b>		
In respect of current year (Note 18)	(230,645)	(88,016)
	<b>2,904,943</b>	<b>1,267,061</b>

The charge for taxation in these annual report and financial statements is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004 and the Education Tax Act CAP E4, LFN 2004. Company tax and Tertiary Education tax is calculated at 30% and 2.5% respectively of the estimated taxable profit for the year, Polic Trust Fund levy is charged at 0.005% of profit before tax. The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>17. Taxation (continued)</b>		
<b>Reconciliation of tax expense</b>		
Reconciliation between accounting profit and tax expense.		
Profit before tax from continuing operations	8,374,191	4,238,043
Tax at the applicable tax rate of 30% (2021: 30%)	2,512,257	1,271,413
Education tax rate of 2.5% (2021: 2.5%)	294,237	174,498
<b>Tax effect of adjustments on taxable income</b>		
Effect of expenses that are not deductible in determining taxable profit	144,730	72,249
Adjustment recognised due to difference in tax rates	(17,127)	(24,832)
Effect of other adjustments	(53,927)	(116,484)
Police Trust Fund	419	211
Effect of investment allowance	(887)	(109,994)
Prior period adjustments	25,241	-
	<b>2,904,943</b>	<b>1,267,061</b>
<b>Current tax liabilities in the statement of financial position</b>		
At 1 January	1,353,031	787,178
Charge for the year	3,135,588	1,355,077
Payment during the year	(1,369,873)	(789,224)
<b>At 31 December</b>	<b>3,118,746</b>	<b>1,353,031</b>
<b>18. Deferred tax</b>		
Deferred tax liability	(2,356,442)	(2,457,489)
Deferred tax asset	230,646	101,047
<b>Total net deferred tax liability</b>	<b>(2,125,796)</b>	<b>(2,356,442)</b>
<b>Reconciliation of deferred tax liability</b>		
At January 1	(2,356,442)	(2,444,458)
Temporary difference movement in the year	230,646	88,016
<b>At 31 December</b>	<b>(2,125,796)</b>	<b>(2,356,442)</b>

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

### 18. Deferred tax (continued)

Analysis of deferred tax is made up of

31 December 2022	At 1 January 2022	Recognize in profit or loss	At 31 December 2022
Deferred tax (asset) or liability in relation to:	N '000	N '000	N '000
Property, plant and equipment	2,385,120	(7,978)	2,377,142
Allowance for doubtful debt	(101,047)	(3,609)	(104,656)
Unrealised exchange difference	8,125	(119,827)	(111,702)
IFRS 16 Leases	64,244	(99,232)	(34,988)
	<b>2,356,442</b>	<b>(230,646)</b>	<b>2,125,796</b>

31 December 2021	At 1 January 2021	Recognize in profit or loss	At 31 December 2021
Deferred tax (asset) or liability in relation to:	N '000	N '000	N '000
Property, plant and equipment	2,082,445	302,675	2,385,120
Allowance for doubtful debt	(109,062)	8,015	(101,047)
Unrealised exchange difference	390,317	(382,192)	8,125
IFRS 16 Leases	80,758	(16,514)	64,244
	<b>2,444,458</b>	<b>(88,016)</b>	<b>2,356,442</b>

### 19. Earnings per share

#### Basic earnings per share

From continuing operations (kobo per share)	206	112
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#### Reconciliation of profit or loss for the year to basic earnings

Profit or loss for the year attributable to equity holders of the parent	5,469,248	2,970,982
	<b>5,469,248</b>	<b>2,970,982</b>
Weighted average number of ordinary shares as at 31 December ('000)	<b>2,649,438</b>	<b>2,649,438</b>

The Company has no potentially dilutive shares. Accordingly, the basic EPS and diluted EPS have the same values.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

### 20. Property, plant and equipment

	Freehold land	Buildings	Tools and equipment	Plant and machinery	Furniture and fittings	Motor vehicles	Computer equipment	Capital work-in-progress	Total
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Cost									
Balance at 1 January 2021	70,000	1,461,605	616,837	7,665,548	122,258	10,355,041	115,062	7,177,514	27,583,865
Addition	-	175,728	5,963	232,595	8,839	691,431	37,129	318,844	1,470,529
Disposal	-	(474,725)	(17,476)	(1,868,335)	(16,287)	(1,827,571)	(9,838)	-	(4,214,232)
Reclassification	-	2,526,084	178,172	3,433,855	259,881	212,148	100,745	(6,710,885)	-
Adjustments	-	-	-	-	-	-	-	(184,893)	(184,893)
Balance at 31 December 2021	70,000	3,688,692	783,496	9,463,663	374,691	9,431,049	243,098	600,580	24,655,269
Addition	-	116,961	57,455	29,563	8,892	1,014,946	13,128	49,567	1,290,512
Disposal	-	(1,000)	(234,243)	(673,685)	(2,355)	(2,041,612)	(32,846)	(267,815)	(3,253,556)
Reclassification	-	10,873	47,729	-	-	-	-	(58,602)	-
Adjustments	-	-	-	-	-	-	-	(209,816)	(209,816)
Balance at 31 December 2022	70,000	3,815,526	654,437	8,819,541	381,228	8,404,383	223,380	113,914	22,482,409
Accumulated depreciation									
Balance at 1 January 2021	-	218,812	443,466	2,884,242	89,165	7,154,275	95,688	-	10,885,648
Charge for the year	-	65,578	126,274	690,342	59,847	1,428,422	45,645	-	2,416,108
Disposal	-	(59,123)	(17,476)	(779,636)	(16,287)	(1,827,571)	(9,838)	-	(2,709,931)
Balance at 31 December 2021	-	225,267	552,264	2,794,948	132,725	6,755,126	131,495	-	10,591,825
Charge for the year	-	73,972	114,589	587,977	65,194	1,355,962	51,739	-	2,249,433
Disposal	-	(260)	(210,905)	(577,076)	(2,355)	(2,004,783)	(32,321)	-	(2,827,700)
Balance at 31 December 2022	-	298,979	455,948	2,805,849	195,564	6,106,305	150,913	-	10,013,558
Carrying amount									
Balance as at 31 December 2022	70,000	3,516,547	198,489	6,013,692	185,664	2,298,078	72,467	113,914	12,468,851
Balance as at 31 December 2021	70,000	3,463,425	231,232	6,668,715	241,966	2,675,923	111,603	600,580	14,063,444

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

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### 20. Property, plant and equipment (continued)

#### 20.1 Capital work-in-progress

Work-in-progress comprises amounts expended on construction of drainage at Salt Village plant.

#### 20.2 Adjustments to capital work-in-progress

The adjustment in the current year represents lease interest expenses charged to profit or loss.

#### 20.3 Asset pledged as security

None of the Company's assets were pledged as security for any liabilities as at 31 December 2022 (2021:Nil).

#### 20.4 Impairment assessment

Included in property, plant and equipment are assets related to Tomato Paste plant with carrying values of N102.5 million as at December 31, 2022. The plant did not operate optimally during the year. The Directors considered these to be indicators of impairment. The Tomato Paste plant was subjected to impairment assessments using the forced sale model. The recoverable amounts of N223.3 million exceeded the carrying value. There was no impairment gain or loss recognised as at December 31, 2022 (2021:Nil).

#### 20.5 Sale of Property, plant and equipment

	2022 N'000	2021 N'000
Net book value of disposed assets	425,857	1,504,305
Proceeds from sales	-	(2,250,000)
<b>Loss/(gain) on disposals</b>	<b>425,857</b>	<b>(745,695)</b>

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

### 21. Right of use assets

This note provides information for leases where the Company is a lessee.

Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

#### Right of Use Asset - Company

	Land N '000	Building N '000	Total N '000
<b>Cost</b>			
At 1 January 2021	3,132,298	952,039	4,084,337
Additions	-	124,405	124,405
Modifications	110,713	54,825	165,538
<b>At 31 December 2021</b>	<b>3,243,011</b>	<b>1,131,269</b>	<b>4,374,280</b>
1 January 2022	3,243,011	1,131,269	4,374,280
Additions	-	-	-
Modifications	-	206,639	206,639
<b>At</b>	<b>3,243,011</b>	<b>1,337,908</b>	<b>4,580,919</b>
<b>Depreciation</b>			
At 1 January 2021	-	(384,215)	(384,215)
Depreciation	-	(152,139)	(152,139)
<b>At 31 December 2021</b>	<b>-</b>	<b>(536,354)</b>	<b>(536,354)</b>
At 1 January 2022	-	(536,354)	(536,354)
Depreciation	-	(149,861)	(149,861)
<b>At 31 December 2022</b>	<b>-</b>	<b>(686,215)</b>	<b>(686,215)</b>
<b>Carrying amount</b>			
Cost	3,243,011	1,131,269	4,374,280
Accumulated depreciation	-	(536,354)	(536,354)
<b>At 31 December 2021</b>	<b>3,243,011</b>	<b>594,915</b>	<b>3,837,926</b>
Cost	3,243,011	1,337,908	4,580,919
Accumulated depreciation	-	(686,215)	(686,215)
<b>At 31 December 2022</b>	<b>3,243,011</b>	<b>651,693</b>	<b>3,894,704</b>

#### 21.1 Modification to right of use assets

The modification to right of use assets relate to changes in consideration of some existing lease contract during the year (Note 32).



# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>22. Inventories</b>		
Raw materials	5,045,226	2,389,488
Work in progress	1,401	4,246
Finished goods	1,161,010	207,766
Spare parts and consumables	915,669	652,326
Oil and lubricants	203,790	82,811
Packaging materials	939,384	954,937
	<b>8,266,480</b>	<b>4,291,574</b>

During the year, there were no inventory written down/reversal to net realisable value (2021: Nil).

The cost of inventories recognised as an expense during the year in respect of continuing operations was N30.451 billion (2021: N18.014 billion).

### 22.1 Inventory pledged as security

No inventory was pledged as security for any liability (2021: Nil).

## 23. Trade and other receivables

### Financial instruments:

Trade receivables	979,246	445,547
Trade receivables - related parties (Note 39.1)	10,267,037	8,821,604
Loss allowance	(143,706)	(129,979)
Trade receivables at amortised cost	11,102,577	9,137,172
Advances to suppliers	186,464	308,653
Employee loans and advances	49,027	45,887
Loss allowance on employee loans and advances	(2,686)	(265)
Interest receivables	304,571	302,655
<b>Total trade and other receivables</b>	<b>11,639,953</b>	<b>9,794,102</b>

### Categorisation of trade and other receivables

Trade and other receivables are categorised as follows in accordance with IFRS 9: Financial Instruments:

At amortised cost	11,639,953	9,794,102
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### Exposure to credit risk

Trade receivables inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if customers fail to make payments as they fall due.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

### 23. Trade and other receivables (continued)

#### Expected credit loss rate:

#### Trade receivables

Outstanding for 0 - 3 months: 5.48% (2021: 6%)  
 Outstanding for 4 - 6 months: 82.05% (2021: 96%)  
 Outstanding for 7 - 9 months: 96.76% (2021: 100%)  
 Outstanding for 10 - 12 months: 100% (2021: 100%)  
 Outstanding over 1 year: 100% (2021: 100%)

#### Related party receivables

Outstanding for 0 - 3 months: 63.14% (2021: 6%)  
 Outstanding for 4 - 6 months: 73.37% (2021: 96%)  
 Outstanding for 7 - 9 months: 77.97% (2021: 97%)  
 Outstanding for 10 - 12 months: 80.57% (2021: 98.72%)  
 Outstanding over 1 year: 84.99% (2021: 100%)

#### Total

#### Staff loans

Gross exposure at default  
 Loss allowance as at 31 December 2022

#### Staff loans

Gross exposure at default  
 Loss allowance as at 31 December 2021

#### Reconciliation of loss allowances

The following table shows the movement in the loss allowance (lifetime expected credit losses) for trade and other receivables:

	2022 N '000	2021 N '000
<b>Opening balance in accordance with IFRS 9</b>	(130,244)	(146,060)
Provision (raised)/reversed on new related party receivables	10,331	(1,470)
Provisions reversed/(raised) on settled trade receivables	(24,058)	17,470
Provision (raised)/reversed on staff loan	(2,421)	(184)
<b>Closing balance</b>	<b>(146,392)</b>	<b>(130,244)</b>

	2022	2022	2021	2021
	Estimated gross carrying amount at default N '000	Loss allowance (Lifetime expected credit loss) N '000	Estimated gross carrying amount at default N '000	Loss allowance (Lifetime expected credit loss) N '000
Trade receivables	946,406	(51,847)	403,126	(27,788)
Outstanding for 0 - 3 months: 5.48% (2021: 6%)	-	-	-	-
Outstanding for 4 - 6 months: 82.05% (2021: 96%)	-	-	9,590	(10)
Outstanding for 7 - 9 months: 96.76% (2021: 100%)	-	-	-	-
Outstanding for 10 - 12 months: 100% (2021: 100%)	32,840	(32,840)	32,831	(32,831)
<b>Total</b>	<b>979,246</b>	<b>(84,687)</b>	<b>445,547</b>	<b>(60,629)</b>
Related party receivables				
Outstanding for 0 - 3 months: 63.14% (2021: 6%)	-	-	-	-
Outstanding for 4 - 6 months: 73.37% (2021: 96%)	-	-	-	-
Outstanding for 7 - 9 months: 77.97% (2021: 97%)	-	-	-	-
Outstanding for 10 - 12 months: 80.57% (2021: 98.72%)	-	-	7,200	(7,107)
Outstanding over 1 year: 84.99% (2021: 100%)	69,443	(59,019)	62,243	(62,243)
<b>Total</b>	<b>69,443</b>	<b>(59,019)</b>	<b>69,443</b>	<b>(69,350)</b>
<b>Total</b>	<b>1,048,689</b>	<b>(143,706)</b>	<b>514,990</b>	<b>(129,979)</b>

	Stage 1 12 months ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Total N'000
Gross exposure at default	49,027	-	-	49,027
Loss allowance as at 31 December 2022	(2,686)	-	-	(2,686)
<b>Total</b>	<b>46,341</b>	<b>-</b>	<b>-</b>	<b>46,341</b>

	Stage 1 12 months ECL N'000	Stage 2 Lifetime ECL N'000	Stage 3 Lifetime ECL N'000	Total N'000
Gross exposure at default	3,551	-	-	3,551
Loss allowance as at 31 December 2021	(265)	-	-	(265)
<b>Total</b>	<b>3,286</b>	<b>-</b>	<b>-</b>	<b>3,286</b>

# Nascon Allied Industries Plc

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## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>23. Trade and other receivables (continued)</b>		
<b>The reconciliation of gross carrying amount for Nascon is as follows:</b>		
Gross carrying amount as at 1 January	9,267,151	13,031,766
Revenue from third parties	58,786,251	33,279,688
Receipts from third parties	(59,557,117)	(32,836,920)
Rebates receivable from related party	2,749,998	992,617
Rebates received from related party	-	(5,200,000)
<b>Gross carrying amount as at 31 December</b>	<b>11,246,283</b>	<b>9,267,151</b>
<b>24. Other financial assets</b>		
Fixed deposit	695,826	658,159
<b>Current assets</b>		
Securities held at amortised cost	695,826	658,159
The fixed deposit balance represents the aggregate amounts of dividends that remained unclaimed after 15 months or more which the Registrars returned to the Company in line with Securities and Exchange Commission (SEC) regulations and is invested with Meristem Wealth Management Limited.		
<b>25. Other assets</b>		
<b>Prepayments:</b>		
Insurance prepaid	8,437	7,034
Prepayment-Others	2,864	2,644
Deposit for import	5,500,635	710,512
Promotional items	46,811	111,987
	<b>5,558,747</b>	<b>832,177</b>
Deposits for imports represents Central Bank of Nigeria (CBN) forwards (averaging 60 to 180 days) received during the year which are still awaiting maturity as at year end.		
<b>26. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	1,553	1,643
Bank balances	13,004,657	7,042,373
	<b>13,006,210</b>	<b>7,044,016</b>
<b>27. Share capital</b>		
<b>Authorised, issued and fully paid</b>		
2,649,438,378 ordinary shares of 50 kobo each	1,324,719	1,324,719
<b>28. Share premium</b>		
<b>Issued</b>		
Share premium	434,037	434,037

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## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>29. Retained earnings</b>		
At 1 January	12,871,924	10,961,064
Profit for the year	5,469,248	2,970,982
Dividend declared and paid	(1,057,562)	(1,060,122)
<b>At 31 December</b>	<b>17,283,610</b>	<b>12,871,924</b>

At the Annual General Meeting held on 3 June 2022, the shareholders approved that dividend of 40 kobo per ordinary share amounting to N1.057 billion be paid to shareholders for the year ended 31 December 2021. In respect of the current year, the Directors' propose that a dividend of 100 kobo per ordinary share be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements. The total estimated dividend to be paid is N2.649 billion

### 30. Dividend payable

At 1 January	-	-
Dividend declared	1,057,562	1,060,122
Payments - Meristem Registrars and Probate Services Limited	(1,057,562)	(1,060,122)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

### 31. Borrowings

#### Held at amortised cost

At 1 January	38,570	38,570
Loan obtained during the year	4,792,881	-
<b>At 31 December</b>	<b>4,831,451</b>	<b>38,570</b>

#### Split between non-current and current portions

Non-current liabilities	38,570	38,570
Current liabilities	4,792,881	-
	<b>4,831,451</b>	<b>38,570</b>

At the time of privatisation in 1992, the debt owed to the Federal Government of Nigeria by the Company (N38.570 million) was restructured by the Bureau for Public Enterprise. This is a non interest bearing loan. The Board of Directors has taken steps to obtain a waiver of the loan from the Federal Government of Nigeria and currently awaiting a response.

In the current year, the Company had a Usance facility with Zenith Bank Plc and United Bank for Africa Plc at an average rate of 13.6% per annum . The value of the borrowing was based on drawdown of the facility.

# Nascon Allied Industries Plc

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## Notes to the Annual Report And Financial Statements

### 32. Finance lease liabilities

#### Lease liabilities

Opening balance as at 1 January 2022  
Interest expenses  
Payments made during the year  
Modification

**Balance 31 December 2022**

Land	Building	Total
2,999,706	640,556	3,640,262
299,338	51,539	350,877
(333,333)	(41,866)	(375,199)
386,397	-	386,397
<b>3,352,108</b>	<b>650,229</b>	<b>4,002,337</b>

#### Lease liabilities

Current  
Non-current

		Total
263,901	37,127	301,028
3,328,681	372,628	3,701,309
<b>3,592,582</b>	<b>409,755</b>	<b>4,002,337</b>

#### Lease liabilities

Opening balance as at 1 January 2021  
Additions  
Interest expenses  
Payments made during the year  
Modification

**Balance 31 December 2021**

Land	Building	Total
2,955,055	613,596	3,568,651
-	124,405	124,405
267,260	49,584	316,844
(333,333)	(201,844)	(535,177)
110,713	54,826	165,539
<b>2,999,695</b>	<b>640,567</b>	<b>3,640,262</b>

#### Lease liabilities

Current  
Non-current

305,298	195,547	500,845
2,694,408	445,009	3,139,417
<b>2,999,706</b>	<b>640,556</b>	<b>3,640,262</b>

### 32.1 Modification to lease liabilities

The modification to lease liabilities relate to changes in consideration of some existing lease contract during the year.

# Nascon Allied Industries Plc

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## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>33. Retirement benefits obligations</b>		
<b>33.1 Movement in gratuity</b>		
At 1 January	138,214	152,424
Current service cost	-	-
Benefit paid out	(5,043)	(14,210)
<b>At 31 December</b>	<b>133,171</b>	<b>138,214</b>

The entity was operating a defined benefit for its permanent Nigerian staff, the benefits under which are related to employees' length of service and final remuneration.

However, the Board resolved to eliminate the scheme effective January, 2013. The valuation of the liabilities is as of that date. The balance as at 31 December, 2022 represents what is owed to staff who are still in service from the old scheme.

As at December 31, 2022 no fund has been set up from which payments can be disbursed.

### Defined contribution plan

The employees of the Company are members of a Defined Contribution Pension plan administered by third-party Pension Fund Administrators under the Pension Reform Act of 2014. The assets of the plan are held separately from those of the Company. The scheme is funded in accordance with the Pension Reform Act of 2014 with the employee and employer contribution representing 8% and 10% respectively of the employee's relevant emoluments effective July 2014.

### Staff pension

At 1 January	-	-
Contributions during the year	197,842	182,532
Remittance in the year	(197,842)	(182,532)
<b>At 31 December</b>	<b>-</b>	<b>-</b>

The only obligation of the Company with respect to the pension scheme is to make the specified contributions. The total expense recognised in profit or loss of N110.02 million (2021: N101.40 million) represents contributions payable to this plan by the Company as at 31 December 2022.

## 34. Trade and other payables

### Financial instruments:

Trade payables	2,908,115	1,739,405
Amounts due to related parties (Note 39.1)	14,591,605	10,809,289
Unclaimed dividend	695,826	658,159
Accrued audit fees	26,000	13,870
Accrued expenses	1,786,387	522,127
Other payables	31,926	55,951

### Non-financial instruments:

Value added tax	98,006	191,282
Withholding tax payable	39,725	99,903
	<b>20,177,590</b>	<b>14,089,986</b>

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. For most suppliers no interest is charged on the trade payables. The Directors consider that the carrying amount of trade payables approximates to the fair value.

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## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>35. Contract liabilities</b>		
<b>Summary of contract liabilities</b>		
Advance payment from customers	2,099,314	4,274,213
<b>Reconciliation of contract liabilities</b>		
Opening balance	4,274,213	1,500,383
Revenue recognised on delivery of goods previously paid for	(4,274,213)	(1,500,383)
Payments received in advance of delivery of performance obligations	2,099,314	4,274,213
	<b>2,099,314</b>	<b>4,274,213</b>
Contract liabilities represent payments received in advance of the delivery of goods.		
<b>36. Cash generated from operations</b>		
Profit before taxation	8,374,191	4,238,043
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment (Note 20)	2,249,433	2,416,108
Depreciation of right of use assets (Note 21)	149,861	152,139
Loss/(gains) on disposals of property, plant and equipment (Note 9)	425,857	(745,695)
Lease modification	(218,010)	-
Unrealised exchange gain	1,540	(25,449)
Finance income (Note 12)	(394,538)	(51,701)
Finance costs (Note 15)	694,829	130,160
Impairment/(reversal) for credit losses (Note 10)	16,147	(15,815)
PPE Adjustment (Note 20)	209,816	184,893
<b>Changes in working capital:</b>		
Inventories	(3,974,906)	867,877
Trade and other receivables	(1,845,851)	3,583,814
Prepayments	(4,726,570)	1,289,047
Trade and other payables	6,087,604	(8,998,168)
Contract liabilities	(2,174,899)	2,773,830
<b>Cash generated from operations</b>	<b>4,874,504</b>	<b>5,799,083</b>

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>37. Financial instruments and risk management</b>		
<b>37.1 Capital risk management</b>		
<p>The capital structure of the Company consists of net debt (which includes the borrowings disclosed in Note 31), offset by cash and bank balances and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in relevant notes in the financial statements. The Company monitors its capital structure to ensure that the target debt equity ratio as stated in its debt covenants is not exceeded. The Company is not subject to any externally imposed capital requirements.</p> <p>The capital structure and gearing ratio of the Company at the reporting date was as follows:</p>		
Borrowings	4,831,451	38,570
Finance lease liabilities	4,002,337	3,640,262
Trade and other payables	20,177,590	14,089,986
<b>Total debts</b>	<b>29,011,378</b>	<b>17,768,818</b>
Cash and cash equivalents	(13,006,210)	(7,044,016)
<b>Net debts</b>	<b>16,005,168</b>	<b>10,724,802</b>
Equity	19,042,366	14,630,680
Gearing ratio	84 %	73 %

### 37.2 Financial risk management

Risk management roles and responsibilities are assigned to stakeholders in the Company at three levels: The Board, Executive Committee and Line Managers.

The Board oversight is performed by the Board of Directors through the Establishment and General Purpose and Finance, Risk and Audit Committees.

The second level is performed by the Executive Management Committee (EXCO).

The third level is performed by all line managers under EXCO and their direct reports. They are required to comply with all risk policies and procedures and to manage risk exposures that arise from daily operations.

The Internal Audit Department provides an independent assurance of the risk framework. They assess compliance with established controls and recommendations for improvement in processes are escalated to relevant management, Audit Committee and Board of Directors.

The Company monitors and manages financial risks relating to its operations through an internal risk report which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.



# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

### 37. Financial instruments and risk management (continued)

#### 37.3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparty and obtaining sufficient collateral where appropriate (bank guarantee and insurance bonds), as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available, and if not available, the Company uses other publicly available financial information, customers' financial position, past trading relationship, its own trading records and other factors to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management team periodically.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and where appropriate, credit guarantee insurance cover is purchased.

About 91% (2021: 89%) of the trade receivables are due from Bulk Commodities Limited, a related party, for rebate on purchase of Salt. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are otherwise diverse including both corporate entities and lots of individual end users. The requirement for impairment is analyzed at each reporting date on an individual basis for corporate and individual customers.

The maximum exposure to credit risk is presented in the table below:

	Note	2022			2021		
		Gross carrying amount N '000	Credit loss allowance N '000	Amortised cost / fair value N '000	Gross carrying amount N '000	Credit loss allowance N '000	Amortised cost / fair value N '000
Trade and other receivables	23	11,786,345	(146,392)	11,639,953	9,924,346	(130,244)	9,794,102
Cash and cash equivalents	26	13,006,210	-	13,006,210	7,044,016	-	7,044,016
		<b>24,792,555</b>	<b>(146,392)</b>	<b>24,646,163</b>	<b>16,968,362</b>	<b>(130,244)</b>	<b>16,838,118</b>

#### 37.4 Deposit with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the company's treasury department in accordance with its corporate treasury policy that spells out counterparty limits, list of financial institutions that the Company deals with and the maximum tenure of fixed term funds. Surplus funds are spread amongst these institutions and funds must be within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the management periodically and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through the potential counterparty's failure.

The overview below shows the credit ratings of outstanding cash and cash equivalents held with financial institutions.

Credit Rating - Financial Institution	31 December 2022 N'000	31 December 2021 N'000
A+	6,249,868	2,819,296
AA	47,485	291,875
AA-	3,037,126	2,548,985
BBB	2,600,822	498,544
BB+	347,220	612,561
Not rated	722,136	271,112
	<b>13,004,657</b>	<b>7,042,373</b>

# Nascon Allied Industries Plc

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## Notes to the Annual Report And Financial Statements

### 37. Financial instruments and risk management (continued)

#### 37.5 Liquidity risk management

The ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest rates are floating rate, the undiscounted amount is derived from interest rate curves at the statement of financial position date. The contractual maturity is based on the earliest date on which the Company may be required to pay.

#### 2022

	Note(s)	0-3 months N '000	3-6 months N '000	6-12 months N '000	Over 1 year N '000	Total N '000	Carrying amount N '000
<b>Non-current liabilities</b>							
Borrowings	31	-	-	-	38,570	38,570	38,570
Lease liabilities	32	-	-	-	3,701,309	3,701,309	3,701,309
<b>Current liabilities</b>							
Trade and other payables	34	8,654,341	2,066,770	5,623,516	3,879,199	20,223,826	20,079,590
Borrowings	31	4,792,881	-	-	-	4,792,881	4,792,881
Lease liabilities	32	39,028	92,333	169,667	-	301,028	301,028
		<b>13,486,250</b>	<b>2,159,103</b>	<b>5,793,183</b>	<b>7,619,078</b>	<b>29,057,614</b>	<b>28,913,378</b>

#### 2021

	Note(s)	0-3 months N '000	3-6 months N '000	6-12 months N '000	Over 1 year N '000	Total N '000	Carrying amount N '000
<b>Non-current liabilities</b>							
Other liabilities	31	-	-	-	38,570	38,570	38,570
Finance lease liabilities	32	-	-	-	3,902,875	3,902,875	3,139,417
<b>Current liabilities</b>							
Trade and other payables	34	2,636,973	1,400,150	1,550,333	8,211,344	13,798,800	13,898,710
Finance lease liabilities	32	150,847	11,760	348,333	-	510,940	500,845
		<b>2,787,820</b>	<b>1,411,910</b>	<b>1,898,666</b>	<b>12,152,789</b>	<b>18,251,185</b>	<b>17,577,542</b>

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

### 37. Financial instruments and risk management (continued)

#### 37.6 Foreign currency risk

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Company is mainly exposed to USD. It monitors the movement in currency rates on an ongoing basis to mitigate the risk that the movements in the exchange rates may adversely affect the Company's income or value of their holdings of financial instruments.

##### 37.6.1 Exposure in foreign currency amounts

The net carrying amounts, in foreign currency of the above exposure was as follows:

	2022 N '000	2021 N '000
<b>US Dollar exposure:</b>		
<b>Current assets:</b>		
Trade and other receivables	10,197,594	8,752,161
Cash and cash equivalents	14,555	24,994
<b>Non-current liabilities:</b>		
Trade and other payables	(12,961,564)	(3,750,914)
<b>Net US Dollar exposure/(asset)</b>	<b>(2,749,415)</b>	<b>5,026,241</b>

##### 37.6.2 Foreign currency sensitivity analysis

A sixty three percent (63%) weakening of the Naira against the Dollar at 31 December 2022 (31 December 2021: 12%) would have decreased the profit before tax and retained earnings 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. There are challenges faced in sourcing an adequate quantity of foreign currencies from the official markets resulting in slowdown of business operations when foreign currencies required to purchase production materials are not available. The analysis assumes that all other variables, in particular interest rates, remain constant.

A five percent (5%) strengthening of the Naira, against the Dollar at 31 December 2022 (31 December 2021: 12%) would have increased profit before tax and retained earnings by the amounts shown below. Historically, the likelihood of Naira appreciating against other foreign currencies has been reasonably not significant. The analysis assumes that all other variables, in particular interest rates, remain constant.

	2022 N '000	2021 N '000
<b>Impact on profit or loss:</b>		
Naira strengthens by 5% against the US dollar Profit / (loss)	138,198	543,450
Naira weakens by 63% against the US dollar Profit / (loss)	(1,741,301)	(543,450)
	<b>(1,603,103)</b>	<b>-</b>

#### 37.7 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is minimal as it does not have either floating or fixed interest bearing financial liabilities outstanding as the reporting date. Its cash and cash equivalents with financial institutions have fixed interest rates.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Notes to the Annual Report And Financial Statements

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### 38. Fair value information

As detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values

	Book value		Fair value	
	2022 N '000	2021 N '000	2022 N '000	2021 N '000
<b>Financial assets</b>				
Trade and other receivables	11,639,953	9,794,102	11,639,953	9,794,102
Cash and bank	13,006,210	7,044,016	13,006,210	7,044,016
<b>Financial liabilities</b>				
Trade and other payables	20,177,590	14,089,986	20,177,590	14,089,986
Borrowings	4,831,451	38,570	4,831,451	38,570

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## Notes to the Annual Report And Financial Statements

	2022 N '000	2021 N '000
<b>39. Related parties</b>		
<b>39.1 Related party balances</b>		
<b>Intercompany receivables</b>		
<b>Other related party receivables</b>		
Dangote Cement Plc (Benue Plant)	7,200	7,200
West African Popular Foods*	62,243	62,243
Bulk Commodities Limited	10,197,594	8,752,161
	<b>10,267,037</b>	<b>8,821,604</b>
<b>Intercompany payables</b>		
<b>Parent and ultimate controlling party</b>		
Dangote Industries Limited (Parent)	997,552	1,838,114
<b>Other related party payables</b>		
Dangote Sugar Refinery	67,527	119,471
Dancom Technologies Limited	11,623	2,787
Greenview Development Nigeria Limited	911	330,897
Bluestar Shipping Line Limited	1,316	29,860
Dangote Cement Plc. (Obajana Plant)	24,195	24,195
Aliko Dangote Foundation	818	11,238
Dangote Packaging Limited	216,388	186,162
Dangote Industries Limited (Central Stores)	102,277	249,427
Dangote Cement Plc (Head Office)	1,729,192	2,963,272
Dangote Oil Refining Company Limited	217,030	231,740
Dangote Cement Plc. (Benue Plant)	77,602	77,602
Dangote Cement Plc. (Benue Plant Truck scheme)	219,311	219,311
Dangote Cement Plc. (Ibese Plant)	10,990	9,736
Dangote Sinotruck West Africa Limited	-	764,563
Bulk Commodities Limited	10,914,873	3,750,914
	<b>14,591,605</b>	<b>10,809,289</b>

\*The balance due from West African Popular Foods has been fully impaired.

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## Notes to the Annual Report And Financial Statements

### 39. Related parties (continued)

#### 39.2 Purchases, sales, promotional support, other services and dividend

	Transaction Value		Balance due (to)/from	
	2022 N '000	2021 N '000	2022 N '000	2021 N '000
<b>Purchases, promotional support and other services</b>				
Ultimate parent	-	(2,526,786)	(854,140)	(1,838,114)
Other related parties	(28,018,865)	(14,831,895)	(17,750,717)	(8,971,175)
<b>Technical services fees</b>				
Other related parties	(48,004)	(71,621)	(11,623)	-
<b>Dividend paid</b>				
Other related parties	(659,105)	(659,105)	-	-
	<b>(28,725,974)</b>	<b>(18,089,407)</b>	<b>(18,616,480)</b>	<b>(10,809,289)</b>
<b>Sales and other services*</b>				
Other related parties	891,047	777,389	13,338,922	8,821,604

#### Relationships

Dangote Cement Plc, Gboko Plant  
Bulk Commodities Limited  
Dangote Industries Limited (Central Stores)  
Dancom Technologies Limited

Dangote Packaging Limited  
Dangote Cement Plc

Aliko Dangote Foundation  
Dangote Industries Limited  
Bluestar Shipping Line Limited  
Dangote Oil Refining Company Limited  
Dangote Sugar Refinery Plc.

Dangote Transport Limited  
Dangote Sinotruk West Africa Limited  
Greenview Development Nigeria Limited

Dangote Cement Plc, (Obajana Plant)  
West African Popular Foods

Fellow subsidiary, provides trucks for the Company  
Affiliate, purchases raw salt for the Company  
Fellow subsidiary, the Company purchases spare parts  
Fellow subsidiary, provides internet services and IT support for the Company  
Fellow subsidiary, produces empty sacks for the Company  
Fellow subsidiary, buys Crude Salt from the Company and procures trucks on behalf of the Company  
Affiliate, engages in philanthropy  
Ultimate controlling party  
Fellow subsidiary, provide clearing services for the the Company  
Affiliate, the Company purchases equipment  
Fellow subsidiary, buys crude salt from the Company and provides warehouse facility to the Company  
Fellow subsidiary, provides haulage services to the Company  
Fellow subsidiary, the Company purchases trucks and spare parts  
Fellow subsidiary, provides port and terminal services to the Company  
Fellow subsidiary, the Company provides haulage services  
Joint venture with Unilever, purchased and sold Annapurna Salt

Dangote Industries Limited (DIL) performed certain administrative services for the Company for which a management fee of N130.6 million (2021: N135.1 million) was charged, being an appropriate allocation of costs incurred by relevant administrative departments.

# Nascon Allied Industries Plc

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## Notes to the Annual Report And Financial Statements

### 39. Related parties (continued)

	2022 N '000	2021 N '000
<b>Compensation to directors</b>		
Short-term employee benefits	153,253	152,625
	<b>153,253</b>	<b>152,625</b>
<b>Directors fee and expenses</b>		
Directors fees	5,500	5,500
Directors expenses	147,753	147,125
	<b>153,253</b>	<b>152,625</b>

The number of Directors with gross emoluments within the bands stated below were:

N '000	Number	Number
1 — 15,000	7	6
15,001 — 30,000	2	2
30,001 — and above	1	2
	<b>10</b>	<b>10</b>

### 40. Commitments

The Company's total capital commitments as at 31 December 2022 amounted to N113.91 million in respect of Salt village drainage construction project (2021: N71.48 million).

### 41. Contingent assets and Contingent liabilities

#### 41.1 Pending litigation and claims

There are certain lawsuits and claims pending against the Company in various courts of law which are being handled by external legal counsels. The contingent liabilities in respect of pending litigation and claims amounted to N13.0 million as at December 31, 2021 (2020 - N13.0 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 claim, thus no provision has been made in these financial statements.

#### 41.2 Financial commitments

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

### 42. Events after the reporting period

There were no events after the reporting period that could have had a material effect on the annual report and financial statements of the Company as at 31 December 2022 that have not been taken into account in these annual report and financial statements.

### 43. Approval of Annual report and financial statements

The Board of Directors approved the annual report and financial statements during its meeting of 28 February 2023.

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Other National Disclosure - Value Added Statement

	2022 N '000	2022 %	2021 N '000	2021 %
<b>Value Added</b>				
Turnover	58,786,251		33,279,688	
Finance income	394,538		51,701	
Other operating income	124,293		52,271	
Other operating (loss)/gains	(794,555)		1,782,837	
Bought - in materials and services				
- Local	(19,844,391)		(15,353,533)	
- Foreign	(24,663,235)		(10,459,892)	
<b>Total Value Added</b>	<b>14,002,901</b>	<b>100</b>	<b>9,353,072</b>	<b>100</b>
<b>Value Distributed</b>				
<b>To Pay Employees</b>				
Staff salaries and directors emoluments	2,534,587		2,416,622	
	<b>2,534,587</b>	<b>18</b>	<b>2,416,622</b>	<b>26</b>
<b>To Pay Providers of Capital</b>				
Finance costs	694,829		130,160	
	<b>694,829</b>	<b>5</b>	<b>130,160</b>	<b>1</b>
<b>To Pay Government</b>				
Income tax	3,135,588		1,355,077	
	<b>3,135,588</b>	<b>22</b>	<b>1,355,077</b>	<b>14</b>
<b>To be retained in the business for expansion and future wealth creation:</b>				
Depreciation	2,399,294		2,568,247	
Deferred tax	(230,645)		(88,016)	
	<b>2,168,649</b>	<b>16</b>	<b>2,480,231</b>	<b>27</b>
<b>Value retained</b>				
Retained profit	5,469,248		2,970,982	
	<b>5,469,248</b>	<b>39</b>	<b>2,970,982</b>	<b>32</b>
<b>Total Value Distributed</b>	<b>14,002,901</b>	<b>100</b>	<b>9,353,072</b>	<b>100</b>

Value added represents the additional wealth which the Company has been able to create by its own and employees efforts.



# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Other National Disclosure - Five Year Financial Summary

	2022 N '000	2021 N '000	2020 N '000	2019 N '000	2018 N '000
<b>Statement of Financial Position</b>					
<b>Assets</b>					
Non-current assets	16,363,555	17,901,370	20,398,339	18,814,619	11,705,283
Current assets	39,167,216	22,620,028	23,910,652	19,854,173	18,565,146
<b>Total assets</b>	<b>55,530,771</b>	<b>40,521,398</b>	<b>44,308,991</b>	<b>38,668,792</b>	<b>30,270,429</b>
<b>Liabilities</b>					
Non-current liabilities	5,998,846	5,672,643	6,067,509	5,537,243	2,288,229
Current liabilities	30,489,559	20,218,075	25,521,662	18,742,264	16,088,720
<b>Total liabilities</b>	<b>36,488,405</b>	<b>25,890,718</b>	<b>31,589,171</b>	<b>24,279,507</b>	<b>18,376,949</b>
<b>Equity</b>					
Share capital and premium	1,758,756	1,758,756	1,758,756	1,758,756	1,758,756
Retained income	17,283,610	12,871,924	10,961,064	9,330,529	10,134,724
<b>Total equity</b>	<b>19,042,366</b>	<b>14,630,680</b>	<b>12,719,820</b>	<b>11,089,285</b>	<b>11,893,480</b>
<b>Total equity and liabilities</b>	<b>55,530,771</b>	<b>40,521,398</b>	<b>44,308,991</b>	<b>35,368,792</b>	<b>30,270,429</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>					
Revenue	58,786,251	33,279,688	28,010,059	27,487,788	25,769,352
Cost of sales	(34,243,932)	(21,320,319)	(16,447,633)	(21,647,079)	(17,988,663)
<b>Gross profit</b>	<b>24,542,319</b>	<b>11,959,369</b>	<b>11,562,426</b>	<b>5,840,709</b>	<b>7,780,689</b>
Other income	124,293	52,271	19,895	12,804	29,265
Other operating (losses)/gains	(794,555)	1,782,837	580,237	(16,338)	841,845
Other operating expenses	(15,197,575)	(9,477,975)	(8,135,020)	(2,935,803)	(2,670,793)
<b>Operating profit</b>	<b>8,674,482</b>	<b>4,316,502</b>	<b>4,027,538</b>	<b>2,901,372</b>	<b>5,981,006</b>
Finance income	394,538	51,701	51,076	90,518	468,378
Finance costs	(694,829)	(130,160)	(171,898)	(222,811)	-
<b>Profit before taxation</b>	<b>8,374,191</b>	<b>4,238,043</b>	<b>3,906,716</b>	<b>2,769,079</b>	<b>6,449,384</b>
Taxation	(2,904,943)	(1,267,061)	(1,216,406)	(923,836)	(2,029,168)
<b>Profit for the year</b>	<b>5,469,248</b>	<b>2,970,982</b>	<b>2,690,310</b>	<b>1,845,243</b>	<b>4,420,216</b>
<b>Retained income for the year</b>	<b>5,469,248</b>	<b>2,970,982</b>	<b>2,690,310</b>	<b>1,845,243</b>	<b>4,420,216</b>

# Nascon Allied Industries Plc

Annual report and financial statements for the year ended 31 December 2022

## Accounting Policies

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### Corporate information

Nascon Allied Industries Plc is a public limited company incorporated and domiciled in Nigeria.

The annual report and financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on Tuesday, 28 February 2022.

### 1 General information

Nascon Allied Industries Plc (Formerly known as National Salt Company of Nigeria) was incorporated in Nigeria as a limited liability Company on 30 April 1973. It was fully privatised in April, 1992 and became listed on the (then) Nigerian Stock Exchange on 20 October, 1992. At a general meeting held on 29 September 2006, the shareholders approved the acquisition of the assets, liabilities and business undertakings of Dangote Salt Limited and the issue and allotment of additional NASCON PLC shares as the purchase consideration. The major shareholder of the Company is Dangote Industries Limited which owns 62.19% of the issued share capital, while the remaining 37.81% is held by the general public.

The ultimate controlling party is Dangote Industries Limited, a Company incorporated in Nigeria.

The registered address of the Company is Salt City, Ijoko Ota, Ogun State.

#### 1.1 The principal activity

The principal activities of the Company include, the processing of raw salt into refined, edible and grade salt. The Company also produces seasoning cubes. The Company's products are sold through distributors across the country.

#### 1.2 Financial period

The financial statements cover the financial year from 1 January 2022 to 31 December 2022 with comparatives for the year ended 31 December 2021.

#### 1.3 Going concern status

The Company has consistently generated profits since 2007. The Directors believe that there is no intention or threat from any party to curtail significantly its line of business in the foreseeable future. Thus, these Annual Report And Financial Statements are prepared on a going concern basis.

### 2 Significant accounting policies

The significant accounting policies applied in the preparation of these Annual Report And Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 2.1 Statement of Compliance

The Financial Statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act (CAMA) and Financial Reporting Council of Nigeria (FRCN) and effective at the time of preparing these financial statements.

#### 2.2 Basis of measurement

The Annual report and financial statements have been prepared on the historical cost basis except for the revaluation of certain financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

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, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.