



**NASCON Allied Industries Plc
(Registration number 11364)
Unaudited Financial Statements
for the period ended 31 March 2022**

NASCON Allied Industries Plc

(Registration number 11364)

Unaudited Financial Statements for the interim period ended 31 March 2022

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Statement of Profit or Loss and Other Comprehensive Income

		Reviewed 3 Months ended 31 March 2022 N '000	Reviewed 3 Months ended 31 March 2021 N '000	Audited 12 Months ended 31 December 2021 N '000
Revenue	4	10,760,459	8,337,295	33,279,688
Cost of sales	6	(7,995,021)	(4,924,627)	(21,320,319)
Gross profit (loss)		2,765,438	3,412,668	11,959,369
Other income	7	9,796	3,754	52,271
Other operating gains	8	411,353	-	1,782,837
Movement in credit loss allowances	9	-	-	15,815
Distribution costs	10.1	(1,887,673)	(1,682,621)	(6,693,359)
Administrative expenses	10.2	(711,511)	(670,660)	(2,800,431)
Operating profit (loss)		587,403	1,063,141	4,316,502
Finance income	11	57,725	13,726	51,701
Finance costs	12	(76,399)	(13,340)	(130,160)
Profit (loss) before taxation		568,729	1,063,527	4,238,043
Taxation	13	(182,356)	(340,328)	(1,267,061)
Profit (loss) from continuing operations		386,373	723,199	2,970,982
Profit (loss) for the period		386,373	723,199	2,970,982
Total comprehensive income (loss) for the period		386,373	723,199	2,970,982
Earnings per share				
Per share information				
Basic and diluted earnings per share (Kobo)	15	58	109	112

The accounting policies on pages 6 to 17 and the notes on pages 18 to 37 form an integral part of the unaudited financial statements

NASCON Allied Industries Plc

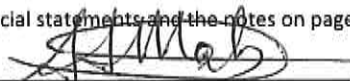
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Statement of Financial Position

		Reviewed 3 Months ended 31 March 2022 N '000	Reviewed 3 Months ended 31 March 2021 N '000	Audited 12 Months ended 31 December 2021 N '000
	Notes			
Assets				
Non-Current Assets				
Property, plant and equipment	16	13,569,292	16,316,176	14,063,444
Right-of-use assets	17	3,799,717	3,768,728	3,837,926
		17,369,009	20,084,904	17,901,370
Current Assets				
Inventories	18	5,675,271	4,198,416	4,291,574
Trade and other receivables	19	10,679,143	14,847,704	9,794,102
Other financial assets	20	658,159	667,506	658,159
Other assets	21	369,277	4,167,220	832,177
Cash and cash equivalents	22	9,661,855	3,407,831	7,044,016
		27,043,705	27,288,677	22,620,028
Total Assets		44,412,714	47,373,581	40,521,398
Equity and Liabilities				
Equity				
Share capital	23	1,324,719	1,324,719	1,324,719
Share premium	24	434,037	434,037	434,037
Retained earnings	25	13,258,297	11,684,263	12,871,924
		15,017,053	13,443,019	14,630,680
Liabilities				
Non-Current Liabilities				
Borrowings	27	38,570	38,570	38,570
Lease liabilities	28	3,293,403	3,429,849	3,139,417
Retirement benefit obligation	29	136,827	142,632	138,214
Deferred tax	14	2,356,442	2,444,458	2,356,442
		5,825,242	6,055,509	5,672,643
Current Liabilities				
Trade and other payables	30	18,052,345	25,167,240	14,089,986
Lease liabilities	28	272,411	141,650	500,845
Contract liabilities	31	3,710,276	1,438,656	4,274,213
Current tax payable	13	1,535,387	1,127,507	1,353,031
		23,570,419	27,875,053	20,218,075
Total Liabilities		29,395,661	33,930,562	25,890,718
Total Equity and Liabilities		44,412,714	47,373,581	40,521,398

The Financial statements and the notes on pages 18 to 37, were approved by the board on the 25 April 2022 and were signed on its behalf by:


Mabe Thabo
Managing Director
FRC/2013/IODN/00000001741


Tunde Iwamofe
Finance Controller
FRC/2013/ICAN/0000002247

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Statement of Changes in Equity

	Share capital	Share premium	Retained income	Total equity
	N '000	N '000	N '000	N '000
Balance at 1 January 2021	1,324,719	434,037	10,961,064	12,719,820
Profit for the period	-	-	723,199	723,199
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	723,199	723,199
Balance at 31 March 2021	1,324,719	434,037	11,684,263	13,443,019
Balance at 1 January 2022	1,324,719	434,037	12,871,924	14,630,680
Profit for the period	-	-	386,373	386,373
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	386,373	386,373
Balance at 31 March 2022	1,324,719	434,037	13,258,297	15,017,053

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Statement of Cash Flows

		Reviewed 3 Months ended 31 March 2022 N '000	Reviewed 3 Months ended 31 March 2021 N '000	Audited 12 Months ended 31 December 2021 N '000
	Notes			
Cash flows from operating activities				
Cash generated from operations	32	2,753,161	1,314,499	5,799,083
Tax paid	13	-	-	(789,224)
Retirement benefit obligations paid	29	(1,387)	(15,349)	(14,210)
Net cash from operating activities		2,751,774	1,299,150	4,995,649
Cash flows from investing activities				
Purchase of property, plant and equipment	16	(40,813)	(360,437)	(1,203,269)
Proceed from sale of property, plant and equipment	16	-	-	2,250,000
Interest Income	11	57,725	13,726	51,701
Net cash from investing activities		16,912	(346,711)	1,098,432
Cash flows from financing activities				
Payment on lease liabilities	28	(150,847)	(143,270)	(535,177)
Dividends paid	26	-	-	(1,060,122)
Interest paid	12	-	(1,708)	(80,585)
Net cash used in financing activities		(150,847)	(144,978)	(1,675,884)
Total cash and cash equivalents movement for the period		2,617,839	807,461	4,418,197
Cash and cash equivalents at the beginning of the period		7,044,016	2,600,370	2,600,370
Effect of exchange rate movement on cash balances		-	-	25,449
Total cash and cash equivalents at end of the period	22	9,661,855	3,407,831	7,044,016

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Accounting Policies

1 Corporate 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 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 that owns 62.19% of the issued share capital, while the remaining 37.81% is held by the Nigerian public

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

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

1.1 The principal activity

Principal activities of the Company during the year include processing of raw salt into refined, edible and grade salt. The company also produces Seasoning. The Company's products are sold through distributors across the country.

1.2 Financial period

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

1.3 Going concern status

The Company has consistently turned in 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 Unaudited Financial Statements are prepared on a going concern basis.

2. Significant accounting policies

The significant accounting policies applied in the preparation of these Unaudited 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 with IFRS

The Unaudited Financial Statements have been prepared in accordance with, and comply with, International Financial Reporting Standards and International Financial Reporting Standards Interpretations Committee (IFRS IC) interpretations issued and effective at the time of preparing these financial statements.

2.2. Basis of measurement

The Unaudited 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 IAS 17, 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.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

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Accounting Policies

2.2 Basis of measurement (continued)

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

2.3 Functional and presentation currency

These Unaudited Financial Statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

2.3.1 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Naira, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous unaudited financial statements are recognised in profit or loss as other operating gains (losses) in the period in which they arise.

When a gain or loss on a non-monetary item is recognised in other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised in other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any foreign exchange component of that gain or loss is recognised in profit or loss as other operating gains (losses).

Cash flows arising from transactions in a foreign currency are recorded in Naira by applying to the foreign currency amount the exchange rate between the Naira and the foreign currency at the date of the cash flow.

2.4 Revenue from contracts with customers

Revenue is measured at the fair value of the consideration received or receivable for goods or services, in the ordinary course of the Company's activities and it is stated net of value added tax (VAT), rebates and returns. A valid contract is recognised as revenue after;

- The contract is approved by the parties.
- Rights and obligations are recognised.
- Collectability is probable.
- The contract has commercial substance.
- The payment terms and considerations are identifiable.

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Company is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

Revenue is recognised when the control of the goods and services are transferred to the customer. This occurs when the goods are delivered to the customer and customer's acceptance is received or when goods are picked up by the customers. Revenue is driven by the regional spread of the Company's customer network.

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 after they have been delivered.

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Accounting Policies

2.4 Revenue from contracts with customers (continued)

Sales occur when the goods have been shipped 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 time lag between the recognition of revenue and granting rebates is within one month.

Returns on goods are estimated 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 has not been met.

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

2.5 Finance 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: 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.

Defined contribution plans

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.

Retirement benefit obligation

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.

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Accounting Policies

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 sheet date. 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 set off 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 Profit and 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. Where current tax and deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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.

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Accounting Policies

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 so as 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.

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2.9 Leases

At 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, buildings (residential apartments) and warehouses. 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 liability

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 lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the company under residual value guarantees;
- the exercise price of purchase options, if the company is reasonably certain to exercise the option;
- payments of penalties for terminating the lease, if the lease term reflects NASCON 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 NASCON 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 so as 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. 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.

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Accounting Policies

2.9 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

- 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.

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 N1,800,000 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 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 standard costs adjusted for variances. Standard costs are periodically reviewed to approximate 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 direct labour and factory overheads, are valued at standard cost adjusted at year-end on an actual cost basis.

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

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.

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 provisions. 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.

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Accounting Policies

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).

Financial liabilities:

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

Note 33 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 and prepayments, are classified as financial assets subsequently measured at amortised cost (note 19).

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.

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.

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Accounting Policies

2.12 Financial instruments (continued)

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 profit or loss.

Credit risk

Details of credit risk are included in the trade and other receivables note (note 19) and the financial instruments and risk management note (note 33).

Derecognition

Refer to the derecognition 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 profit or loss in the derecognition gains (losses) on financial assets at amortised cost line item.

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Accounting Policies

2.12 Financial instruments (continued)

Trade and other payables

Classification

Trade and other payables (note 30), excluding VAT and amounts received in advance, are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

They are recognised when the Company becomes a party to the contractual provisions, and are measured, at 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 profit or loss in finance costs (Note 12).

Trade and other payables expose the Company to liquidity risk and possibly to interest rate risk. Refer to note 33 for details of risk exposure and management thereof.

Derecognition

Refer to the "derecognition" 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, that management believes that the ECL on them will be immaterial for recognition.

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.

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Accounting Policies

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 such time as 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.

The benefit of a government loan at a below market rate of interest is treated as a government grant, measured as the difference between proceeds and the fair value of the loan based on prevailing market interest rates.

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 company 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 dilutive potential ordinary shares.

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Accounting Policies

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 Directors¹ 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 vegetable oil and tomato paste plants 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 plants.

3.1.2 Useful lives 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 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 14.

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	Reviewed 3 Months ended 31 March 2022 N '000	Reviewed 3 Months ended 31 March 2021 N '000	Audited 12 Months ended 31 December 2021 N '000
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4. Revenue

Revenue from contracts with customers

Sale of goods	10,760,459	8,337,295	33,279,688
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Revenue is recognised at a point in time

5. Segmental information

The company has identified period 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.

Geographical information

East	767,269	517,459	2,672,444
West	2,783,450	2,586,383	9,692,464
North	7,209,740	5,233,453	20,914,780
	10,760,459	8,337,295	33,279,688

6. Cost of sales

Raw materials consumed	7,165,515	4,126,592	18,014,086
Employee costs	210,583	261,838	1,050,184
Depreciation	203,154	187,139	902,166
Manufacturing expenses	374,352	314,120	1,229,550
Loading	41,417	34,938	124,333
	7,995,021	4,924,627	21,320,319

7. Other income

Sale of scrap	8,903	3,754	25,436
Insurance claim	893	-	26,835
	9,796	3,754	52,271

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8. Other operating gains (losses)			
Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	-	-	745,695
Foreign exchange gains (losses)			
Net foreign exchange gains	411,353	-	1,037,142
Total other operating gains (losses)	411,353	-	1,782,837
9. Movement in credit loss allowances			
Impairment (charge)/writeback on intercompany receivables	-	-	(1,471)
Impairment writeback/(charge) on trade receivable	-	-	17,470
Impairment (charge)/writeback on staff loans	-	-	(184)
	-	-	15,815
10. Operating expenses			
10.1 Distribution cost			
Market activation	73,348	109,777	289,762
Branding expenses	35,726	133,957	600,905
Delivery expenses	1,527,762	1,071,625	4,545,597
Depreciation for trucks	250,837	367,262	1,257,095
	1,887,673	1,682,621	6,693,359

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10. Operating expenses (continued)

10.2 Administrative expenses

Management fees	32,070	27,489	135,073
Auditors remuneration	6,668	5,031	20,000
Provision for bad debts	-	-	2,300
Bank charges	9,336	11,321	50,073
Cleaning	10,044	5,067	34,212
Consulting and professional fees	24,126	20,658	52,036
Depreciation	119,183	80,790	408,984
Director's remuneration	56,110	51,554	152,625
Employee costs	296,891	274,174	1,213,813
Entertainment	11,101	9,792	45,370
Business development	3,776	2,949	29,848
Insurance	15,463	13,858	67,553
Petrol and oil	6,219	5,440	22,351
Printing and stationery	1,876	5,922	22,305
Repairs and maintenance	13,666	13,273	60,335
Secretarial fees	14,985	21,895	52,390
Security	17,765	14,798	66,470
Staff welfare	24,840	16,932	105,245
Telephone and fax	23,354	33,004	96,919
Travel - local	22,984	53,869	160,498
Travel - overseas	1,054	2,844	2,031
	711,511	670,660	2,800,431

11. Finance income

Interest income on bank balances	1,153	322	377
Interest income on short term fixed deposit	56,572	13,404	51,324
Total finance income	57,725	13,726	51,701

12. Finance costs

Interest on overdraft	-	1,708	80,585
Interest on lease liabilities	76,399	11,632	49,575
	76,399	13,340	130,160

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	Reviewed 3 Months ended 31 March 2022 N '000	Reviewed 3 Months ended 31 March 2021 N '000	Audited 12 Months ended 31 December 2021 N '000
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13. Taxation

Major components of the tax expense

Current

Local income tax	170,959	319,058	1,180,353
Education tax	11,397	21,270	174,512
Police Trust Fund Levy	-	-	212
	182,356	340,328	1,355,077

Deferred

In respect of current year	-	-	(88,016)
	-	-	(88,016)

Split between current and deferred tax

Current tax	182,356	340,328	1,355,077
Deferred tax	-	-	(88,016)
	182,356	340,328	1,267,061

The charge for taxation in these unaudited 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 education tax is calculated at 30% and 2.5% respectively of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

Current tax liabilities in the statement of financial position

Current tax payable

1 January	1,353,031	787,178	787,178
Charge for the year	182,356	340,328	1,355,077
Payment during the year	-	-	(789,224)
	1,535,387	1,127,506	1,353,031

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	Reviewed 3 Months ended 31 March 2022 N '000	Reviewed 3 Months ended 31 March 2021 N '000	Audited 12 Months ended 31 December 2021 N '000
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14. Deferred tax

Deferred tax liability

Property plant and equipment	(2,385,120)	(2,082,445)	(2,385,120)
Allowance for doubtful debt	101,047	109,062	101,047
Unrealised exchange difference	(8,125)	(390,317)	(8,125)
IFRS 16 Leases	(64,244)	(80,758)	(64,244)
Total deferred tax liability	(2,356,442)	(2,444,458)	(2,356,442)

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

Split between assets and liabilities

Deferred tax liability	(2,457,489)	(2,553,520)	(2,457,489)
Deferred tax assets	101,047	109,062	101,047
	(2,356,442)	(2,444,458)	(2,356,442)

15. Earnings per share

Basic earnings per share	58	109	112
From continuing operations (kobo per share)			

Basic earnings per share

Reconciliation of earnings			
Profit or loss for the year attributable to equity holders	386,373	723,199	2,970,982

Weighted average number of ordinary shares as at 31 March 2022 ('000)	2,649,438	2,649,438	2,649,438
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The Company has no potentially dilutive shares. Accordingly, The basic EPS and diluted EPS have the same values.

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Unaudited Financial Statements for the interim period ended 31 March 2022

Notes to the Unaudited Financial Statements

16. Property, plant and equipment

Reconciliation of property, plant and equipment

	Freehold Land N '000	Buildings N '000	Tools and equipment N '000	Plant and machinery N '000	Furniture and fittings N '000	Motor vehicles N '000	Computer equipment N '000	Work in progress N '000	Total N '000
Cost									
At January 1, 2021	70,000	1,461,605	616,837	7,665,548	122,258	10,355,041	115,062	7,177,514	27,583,865
Additions	-	175,728	5,963	232,595	8,839	691,431	37,129	318,844	1,470,529
Disposals and scrapings	-	(474,725)	(17,476)	(1,868,335)	(16,287)	(1,827,571)	(9,838)	-	(4,214,232)
Reclassifications	-	2,526,084	178,172	3,433,855	259,881	212,148	100,745	(6,710,885)	-
Adjustments	-	-	-	-	-	-	-	(184,893)	(184,893)
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
Additions	-	-	-	-	549	-	-	40,264	40,813
Transfers from capital work in progress	-	-	38,855	-	-	-	-	(38,855)	-
At 31 March 2022	70,000	3,688,692	822,351	9,463,663	375,240	9,431,049	243,098	601,989	24,696,082
Depreciation									
At January 1, 2021	-	(218,812)	(443,466)	(2,884,242)	(89,165)	(7,154,275)	(95,688)	-	(10,885,648)
Disposals and scrapings	-	59,123	17,476	779,636	16,287	1,827,571	9,838	-	2,709,931
Depreciation	-	(65,578)	(126,274)	(690,342)	(59,847)	(1,428,422)	(45,645)	-	(2,416,108)
At 31 December 2021	-	(225,267)	(552,264)	(2,794,948)	(132,725)	(6,755,126)	(131,495)	-	(10,591,825)
Depreciation	-	(18,437)	(28,780)	(147,941)	(16,286)	(310,539)	(12,982)	-	(534,965)
At 31 March 2022	-	(243,704)	(581,044)	(2,942,889)	(149,011)	(7,065,665)	(144,477)	-	(11,126,790)
Carrying amount									
Cost	70,000	3,688,692	783,496	9,463,663	374,691	9,431,049	243,098	600,580	24,655,269
Accumulated depreciation	-	(225,267)	(552,264)	(2,794,948)	(132,725)	(6,755,126)	(131,495)	-	(10,591,825)
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
Cost	70,000	3,688,692	822,351	9,463,663	375,240	9,431,049	243,098	601,989	24,696,082
Accumulated depreciation	-	(243,704)	(581,044)	(2,942,889)	(149,011)	(7,065,665)	(144,477)	-	(11,126,790)
At 31 March 2022	70,000	3,444,988	241,307	6,520,774	226,229	2,365,384	98,621	601,989	13,569,292

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Notes to the Unaudited Financial Statements

16. Property, plant and equipment (continued)

Capital Work-in-progress

Work-in-progress comprises amounts expended on Salt Village project.

Adjustments to capital work-in-progress

In the current period there was no adjustment to capital work-in-progress. The adjustment 2021 represent pre-trading expenses for Salt Village plant expensed to profit or loss in the current year.

Asset pledged as security

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

Impairment Assessment

Included in property, plant and equipment are assets related to tomato paste plant with carrying values of N115.8 million as at 31 December 2021. 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 N274.3 million exceeded the carrying value. There was no impairment gain or loss recognised as at March 31, 2022 (2021:Nil)

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17. Right of Use Assets

Right of Use Asset

	Land N '000	Buildings N '000	Total N '000
Cost			
At 1 January 2021	3,132,298	952,039	4,084,337
Additions	-	124,405	124,405
Modifications	110,713	54,825	165,538
At 31 December 2021	3,243,011	1,131,269	4,374,280
1 January 2022	3,243,011	1,131,269	4,374,280
Additions	-	-	-
At 31 March 2022	3,243,011	1,131,269	4,374,280
Depreciation			
At 1 January 2021	-	(384,215)	(384,215)
Depreciation	-	(152,139)	(152,139)
At 31 December 2021	-	(536,354)	(536,354)
At 1 January 2022	-	(536,354)	(536,354)
Depreciation	-	(38,209)	(38,209)
At 31 March 2022	-	(574,563)	(574,563)
Carrying amount			
Cost	3,243,011	1,131,269	4,374,280
Accumulated depreciation	-	(536,354)	(536,354)
At 31 December 2021	3,243,011	594,915	3,837,926
Cost	-	3,799,717	3,799,717
Accumulated depreciation	-	-	-
At 31 March 2022	-	3,799,717	3,799,717

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18. Inventories

Raw materials	2,941,817	2,245,242	2,389,488
Work in progress	21,451	32,255	4,246
Finished goods	581,866	453,038	207,766
Spare parts and consumables	734,257	555,903	652,326
Oil and lubricants	170,345	43,195	82,811
Packaging materials	1,225,535	868,783	954,937
	5,675,271	4,198,416	4,291,574

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 N7.166billion (2021: N4.127 billion)

Inventory pledged as security

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

19. Trade and other receivables

Financial instruments:

Trade receivables	737,566	839,774	445,547
Trade receivables - related parties	9,223,985	13,537,853	8,821,604
Loss allowance	(129,979)	(145,979)	(129,979)
Trade receivables at amortised cost	9,831,572	14,231,648	9,137,172
Employee loans and advances	223,735	198,851	45,887
Loss allowance	(265)	(81)	(265)
Other receivables	624,101	412,043	611,308
Non-financial instruments:			
VAT	-	5,243	-
Total trade and other receivables	10,679,143	14,847,704	9,794,102

Categorisation of trade and other receivables

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

At amortised cost	10,679,143	14,842,461	9,794,102
Non- financial instruments	-	5,243	-
	10,679,143	14,847,704	9,794,102

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.

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19. Trade and other receivables (continued)

Reconciliation of loss allowances

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

Opening balance	(130,244)	(146,060)	(146,060)
Provision (raised)/reversed on new related party receivables	-	-	(1,470)
Provisions reversed/(raised) on settled trade receivables	-	-	17,470
Provision (raised)/reversed on new staff loan	-	-	(184)
	(130,244)	(146,060)	(130,244)

The reconciliation of gross carrying amount for NASCON is as follows:

Gross carrying amount as at 1 January	9,267,151	13,031,766	13,031,766
Revenue from third parties	10,760,459	8,337,295	33,279,688
Receipts from third parties	(10,476,154)	(7,051,890)	(32,836,920)
Rebates receivable from related party	410,095	60,456	992,617
Rebates received from related party	-	-	(5,200,000)
Gross carrying amount	9,961,551	14,377,627	9,267,151

20. Other financial assets

Securities held at amortised cost

Fixed deposit	658,159	667,506	658,159
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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 current regulations invested with Meristem Wealth Management Limited.

21. Other assets

Prepayments:

Rent prepaid	5,114	6,724	-
Insurance prepaid	27,586	27,334	7,034
Prepayment - other	-	-	2,644
Deposit for import	226,729	3,943,797	710,512
Promotional items	109,848	189,365	111,987
	369,277	4,167,220	832,177

22. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1,291	3,191	1,643
Bank balances	9,660,564	3,404,640	7,042,373
	9,661,855	3,407,831	7,044,016

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23. Share capital			
Authorised			
4,000,000,000 Ordinary shares of 50k each	2,000,000	2,000,000	2,000,000
Issued and fully paid			
2,649,438,378 ordinary shares of 50k each	1,324,719	1,324,719	1,324,719
24. Share premium			
Issued			
Share premium	434,037	434,037	434,037
25. Retained earnings			
Opening balance	12,871,924	10,961,064	10,961,064
Profit for the year	386,373	723,199	2,970,982
Dividend declared and paid	-	-	(1,060,122)
	13,258,297	11,684,263	12,871,924
At the Annual General Meeting held on 28th May 2021, the shareholders approved that dividend of 40 kobo amounting to N1.060 billion be paid to shareholders for the year ended 31 December 2020. The dividend approved was fully paid on 31 May, 2021.			
26. Dividend payable			
At 1 January	-	-	-
Dividend declared	-	-	1,060,122
Payments- Meristem Registers	-	-	(1,060,122)
	-	-	-
27. Borrowings			
Held at amortised cost			
At beginning of the period	38,570	38,570	38,570
Loans (repayment)/obtained during the year	-	-	-
	38,570	38,570	38,570

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

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28. Lease liabilities

Lease liabilities	Land	Building	Total
Opening balance as at 1 January 2022	2,999,695	640,565	3,640,260
Interest expenses	65,469	10,932	76,401
Payments made during the year	-	(150,847)	(150,847)
Balance 31 March 2022	3,065,164	500,650	3,565,814
Lease liabilities			
Current	72,864	199,547	272,411
Non-current	2,992,300	301,103	3,293,403
	3,065,164	500,650	3,565,814

Lease liabilities	Land	Building	Total
Opening balance as at 1 January 2021	2,955,055	613,596	3,568,651
Additions	-	124,405	124,405
Interest expenses	267,260	49,584	316,844
Payments made during the year	(333,333)	(201,844)	(535,177)
Modification	110,713	54,826	165,539
Balance 31 December 2021	2,999,695	640,567	3,640,262

Lease liabilities	Land	Building	Total
Current	305,298	195,547	500,845
Non-current	2,694,408	445,009	3,139,417
	2,999,706	640,556	3,640,262

29. Retirement benefits

Movement in gratuity			
At beginning of the period	138,214	152,424	152,424
Benefit paid	(1,387)	(9,792)	(14,210)
	136,827	142,632	138,214

The entity was operating a defined benefit plan 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 March 31, 2022 represents what is owed to staff who are still in the service from the old scheme.

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

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29. Retirement benefits (continued)

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 beginning of the period	-	-	-
Contributions during the year	46,355	59,427	182,532
Remittance in the year	(46,277)	(59,376)	(182,532)
	78	51	-

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 N25.79 million (2021: N33.03 million) represents contributions payable to this plan by the Company as at March 31, 2022.

30. Trade and other payables

Financial instruments:

Trade payables	1,832,136	4,128,305	1,739,411
Amounts due to related parties (Note 36.1)	14,622,284	19,417,141	10,809,283
Unclaimed dividend	758,159	667,506	658,159
Accrued audit fees	6,563	15,151	13,870
Other accrued expenses	690,015	835,449	522,127
Other payables	29,287	31,120	55,951
Staff pension	78	51	-

Non-financial instruments

Value added tax	57,629	-	191,282
Withholding tax payable	56,194	72,517	99,903
	18,052,345	25,167,240	14,089,986

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.

31. Contract liabilities

Summary of contract liabilities

Advance payment from customers	3,710,276	1,438,656	4,274,213
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		Reviewed 3 Months ended 31 March 2022 N '000	Reviewed 3 Months ended 31 March 2021 N '000	Audited 12 Months ended 31 December 2021 N '000
32. Cash generated from operations				
Profit before taxation		568,729	1,063,527	4,238,043
Adjustments for:				
Depreciation	16	534,965	601,398	2,416,108
Depreciation of right of use asset	17	38,209	34,447	152,139
Gains on disposals of property, plant and equipments	8	-	-	(745,695)
Unrealised exchange gain		-	-	(25,449)
Interest income	11	(57,725)	(13,726)	(51,701)
Finance costs	12	76,399	13,340	130,160
Impairment (reversal) for credit losses	9	-	-	(15,815)
PPE Adjustment	16	-	178,071	184,893
Inventories	18	(1,383,697)	961,035	867,877
Trade and other receivables	19	(885,041)	(1,485,603)	3,583,814
Other assets	21	462,900	(2,045,996)	1,289,047
Trade and other payables	30	3,962,359	2,069,733	(8,998,168)
Contract liabilities	31	(563,937)	(61,727)	2,773,830
Cash generated from operations		2,753,161	1,314,499	5,799,083

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Notes to the Unaudited Financial Statements

33. Financial instruments and risk management

33.1 Capital risk management

The capital structure of the company consists of net debt (which includes the borrowings disclosed in (Note 28), 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.

	Reviewed 3 Months ended 31 March 2022	Reviewed 3 Months ended 31 March 2021	Audited 3 Months ended 31 December 2021
Borrowings	38,570	38,570	38,570
Lease liabilities	3,565,814	3,571,499	3,640,262
Trade and other payables	18,052,345	25,167,240	14,089,986
Total debts	21,656,729	28,777,309	17,768,818
Cash and cash equivalents	(9,661,855)	(3,407,831)	(7,044,016)
Net debts	11,994,874	25,369,478	10,724,802
Equity	15,017,052	13,443,019	14,630,680
Gearing ratio	80 %	189 %	73 %

33.2 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 Finance and Establishment Committee.

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.

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33.3 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 86% (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.

33.4 Liquidity risk management

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 flows 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.

Figures in Naira thousand		0-3 months	3-6 months	6-12 months	Over 1 year	Total	Carrying amount
Non-current liabilities							
Borrowings	27	-	-	-	38,570	38,570	38,570
Lease liabilities	28	75,260	337,333	98,347	3,819,528	4,330,468	3,429,849
Current liabilities							
Trade and other payables	28	3,551,406	1,011,501	1,879,561	11,609,877	18,052,345	18,052,345
Lease liabilities	28	272,410	-	-	-	272,410	272,411
Total financial liabilities		3,899,076	1,348,834	1,977,908	15,467,975	22,693,793	21,793,175

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Company - 31 December 2021

Figures in Naira thousand		0-3 months	3-6 months	6-12 months	Over 1 year	Total	Carrying amount
Borrowings	27	-	-	-	38,570	38,570	38,570
Lease liabilities	28	-	-	-	3,902,875	3,902,875	3,139,417
Trade and other payables	30	2,636,973	1,400,150	1,550,333	8,211,344	13,798,800	13,798,801
Lease liabilities	28	150,847	11,760	348,333	-	510,940	500,845
Total financial liabilities		2,787,820	1,411,910	1,898,666	12,152,789	18,251,185	17,477,633

33.5 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.

33.6 Deposits 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 counter party. Counterparty credit limits are reviewed by the Corporate Treasurer periodically and may be updated throughout the year. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through the potential counterparty's failure.

34. Fair value information of financial instruments

Fair valuation of financial assets and liabilities

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	2021 N	2022 N	2021 N
Financial asset				
Trade and other receivables	10,679,143	9,794,102	10,679,143	9,794,102
Cash and bank	9,661,855	7,044,016	9,661,855	7,044,016
Financial liabilities				
Trade and other payables	18,052,345	13,798,801	18,052,345	13,798,801
Borrowings	38,570	38,570	38,570	38,570

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35. Related parties

Related party balances

Other related party receivables

Dangote Cement Plc (Benue Plant)	7,200	7,200	7,200
Bluestar Shipping Line Limited	5,739	-	-
Dancom Technologies Limited	-	64	-
West African Popular Foods*	62,243	62,243	62,243
Bulk Commodities Limited	9,148,803	13,468,346	8,752,161
	9,223,985	13,537,853	8,821,604

Intercompany payables

Dangote Industries Limited (Parent)	1,520,723	1,486,686	1,838,114
Other related party payables			
Dangote Sugar Refinery Plc	153,374	170,676	119,471
Dancom Technologies Limited	2,787	-	2,787
Greenview Development Nigeria Limited	47,682	2,053	330,897
Bluestar Shipping Line Limited	-	8,620	29,860
Dangote Cement Plc. (Obajana Plant)	24,195	24,194	24,195
Dangote Transport Limited	-	22,962	-
Aliko Dangote Foundation	11,238	18,906	11,238
Dangote Packaging Limited	451,078	85,726	186,162
Dangote Industries Limited (Central Stores)	68,251	300,045	249,427
Dangote Cement Plc (Head Office)	3,074,737	2,379,918	2,963,272
Dangote Oil Refining Company Limited	231,740	14,711	231,740
Dangote Cement Plc. (Benue Plant)	77,602	77,602	77,602
Dangote Cement Plc. (Benue Plant Truck scheme)	219,311	273,702	219,311
Dangote Cement Plc. (Ibese Plant)	7,248	-	9,736
Dangote Global Service Limited	-	841,909	-
Dangote Sinotruck West Africa Limited	514,563	2,014,564	764,563
Bulk Commodities Limited	8,217,755	11,694,872	3,750,914
	14,622,284	19,417,146	10,809,289

*The balance due from West African Popular Foods has been fully provided for.

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35. Related parties (continued)

Relationships

Dangote Cement Plc, Gboko Plant	Fellow subsidiary, provides trucks for NASCON
Bulk Commodities Limited	Affiliate, purchases raw salt for NASCON
Dangote Industries Limited (Central Stores)	Fellow subsidiary, Nascon purchases spare parts
DANCOM Technologies Limited	Fellow subsidiary, provides internet services and IT support
Dangote Packaging Limited	Fellow subsidiary, produces empty sacks for NASCON
Dangote Cement Plc	Fellow subsidiary, buys Crude Salt from NASCON and procures trucks on behalf of NASCON
Aliko Dangote Foundation	Affiliate, engages in philanthropy
Dangote Industries Limited	Ultimate controlling party
Bluestar Shipping Line Limited	Fellow subsidiary, provide clearing services
Dangote Oil Refining Company Limited	Affiliate, NASCON purchases equipment
Dangote Sugar Refinery Plc.	Fellow subsidiary, buys crude salt from NASCON and provides warehouse facility to NASCON
Dangote Transport Limited	Fellow subsidiary, provides haulage services to NASCON
Dangote Sinotruk West Africa Limited	Fellow subsidiary, Nascon purchases trucks and spare parts
Greenview Development Nigeria Limited	Fellow subsidiary, provides port and terminal services to NASCON
Dangote Cement Plc, (Obajana Plant)	Fellow subsidiary, NASCON provides haulage services
West African Popular Foods	Joint venture with Unilever, purchased and sold Annapurna Salt

36. Compensation to directors and other key management

Short-term employee benefits	56,110	51,554	152,625
	56,110	51,554	152,625
Directors fee and expenses			
Directors fees	54,735	50,179	147,125
Directors expenses	1,375	1,375	5,500
	56,110	51,554	152,625
Key management personnel are Board of directors and management team			
The number of Directors with gross emoluments within the bands stated below were:			
15,001 – 30,000	8	8	8
30,001 – and above	2	2	2
	10	10	10

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37. Employee costs

Average number of persons employed during the period

	Number	Number	Number
Management	64	55	59
Senior staff	198	210	203
Junior staff	316	317	319
	578	582	581

The table shows the number of employees (excluding directors) whose earnings during the period fell within the ranges shown below:

	Number	Number	Number
N1 - N5,000	535	544	538
N5,001 - N10,000	35	30	34
N10,001 - N15,000	6	8	6
N15,001 - N20,000	2	-	3
	578	582	581

38. Commitments

The Company's total capital commitments as at 31 March 2022 amounted to **N1.20 billion** in respect of purchase of raw salt and Oregon plant rehabilitation (2021: N71.48 million).

39. Contingent assets and Contingent liabilities

39.1 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 31 March 2022 (2021 - 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.

39.2 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.

40. Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) NASCON Allied Industries Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

41. Approval of Unaudited financial statements

The Board approved the unaudited financial statements during its meeting of 25 April 2022