Nascon Allied Industries Plc
Annual report and financial statements
for the year ended 31 December 2023

Directors, Officers and Professional Advisers

Country of incorporation and domicile	Nigeria	
Nature of business and 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.	
Directors	'Yemisi Ayeni	Chairperson/Independent Director
	Thabo Mabe	Managing Director
	Olakunle Alake	Director
	Fatima Aliko-Dangote	Director
	Halima Aliko-Dangote	Director
	Abdu Dantata	Director
	Sada Ladan-Baki	Director
	Chris Ogbechie	Independent Director
	Knut Ulvmoen	Director
	Fatima Wali-Abdurrahman	Director
Company Secretary	Adedayo A. Samuel	
Business office	15B Ikosi Road, Oregun Industrial Estate, Lagos, Nigeria	
Independent auditor	PricewaterhouseCoopers Chartered Accountants 5b Water Corporation Road, Victoria Island, Lagos	
Ultimate holding company	Dangote Industries Limited (Incorporated in Nigeria)	
Bankers	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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Results at a Glance

	Note(s)	2023	2022
		N '000	**N '000**
Revenue	5	80,828,373	58,786,251
Profit before taxation		**20,588,259**	**8,374,191**
Taxation	17	(6,859,890)	(2,904,943)
Profit for the year		**13,728,369**	**5,469,248**
Share capital	27	1,324,719	1,324,719
Shareholders' fund		27,471,858	19,042,366
Per 50 kobo share data (kobo)			
Earnings	19	518	206
Dividend	29	100	100

Proposed bonus

Two (2) new ordinary shares of 50 kobo to every hundred (100) existing ordinary shares held by Company shareholders was proposed at the board meeting held on February 27, 2024 and subject to approval at the Annual General Meeting.

Report of the Directors

The Board of Directors is pleased to submit their report together with the audited financial statements of the Company for the year ended 31 December 2023.

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 N13.73 billion (2022: N5.47 billion) for the year.

2023 interim dividend paid is 100 kobo per share (2022: 100 kobo per share).

Proposed bonus for 2023 two (2) new ordinary shares of 50 kobo to every hundred (100).

2. Legal form

The Company was incorporated on 30 April 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/Independent Director
Thabo Mabe	Managing Director
Olakunle Alake	Director
Fatima Aliko-Dangote	Director
Halima Aliko-Dangote	Director
Abdu Dantata	Director
Sada Ladan-Baki	Director
Chris Ogbechie	Independent Director
Knut Ulvmoen	Director
Fatima Wali-Abdurrahman	Director

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, Olakunle Alake, Chris Ogbechie and Fatima Wali-Abdurrahman 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:

Report of the Directors

3. Directors and Directors' Interests (continued)

Directors Shareholding

		31 December 2022	31 December 2023	28 February 2024
(a)	'Yemisi Ayeni	200,000	200,000	200,000
(b)	Thabo Mabe	-	-	-
(c)	Olakunle Alake	4,419,959	4,419,959	4,419,959
(d)	Fatima Aliko-Dangote	-	-	-
(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	102,000	102,000
(i)	Knut Ulvmoen	-	-	-
(j)	Fatima Wali-Abdurrahman	-	-	-

4. Share capital history

AUTHORISED NOMINAL VALUE			ISSUED AND PAID-UP					
			Other than by bonus		Bonus issue		Total	
Year	No. of shares '000	Amount N '000	No. of Shares '000	Amount N '000	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
2023	2,649,438	1,324,719	-	-	-	-	2,649,438	1,324,719

Report of the Directors

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 Director is fixed.
- The Board of Directors consists of ten (10) members; One (1) Executive Director and Nine (9) 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 2023, 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 6.30% with 166,808,484 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 2023 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.

Report of the Directors

12. Analysis of shareholdings

Analysis of shareholdings as at 31 December 2023

Range	No. of Holders	Percent	Units	Percent
1 - 1,000	22,196	64.51	8,331,185	0.31
1,001 - 5,000	6,226	18.10	15,507,721	0.59
5,001 - 10,000	2,027	5.89	14,621,421	0.55
10,001 - 50,000	2,879	8.37	61,563,670	2.33
50,001 - 100,000	490	1.44	36,286,903	1.37
100,001 - 500,000	442	1.28	93,855,874	3.54
500,001 - 1,000,000	63	0.18	44,393,814	1.67
1,000,001 - 5,000,000	59	0.17	119,860,154	4.53
5,000,001 - 10,000,000	9	0.02	61,308,246	2.31
10,000,001 and above	15	0.04	2,193,709,390	82.80
	34,406	**100**	**2,649,438,378**	**100**

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 auditor 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, 27 February 2024

Corporate Governance Report

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.

Nascon is committed to compliance with the Nigerian corporate governance framework, which includes but is not limited to the Securities and Exchange Commission's Code of Corporate Governance for Public Companies in Nigeria, the Nigerian Code of Corporate Governance and the Companies and Allied Matters Act. Nascon has not incurred any sanctions in respect of the said framework.

Board of Directors

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; one (1) Executive Director and nine (9) Non-Executive Directors of which two (2) are Independent.

- 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 the year to consider corporate actions such as the approval of corporate strategy, annual corporate plan, review of internal risk management and control systems, review of the Company's performance and operations, as well as the formulation of growth strategies.

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 2023

The Board held eight (8) meetings in 2023.

Name	28-Feb-23	25-Apr-23	26-May-23	12-Jul-23	28-Jul-23	29-Aug-23	27-Oct-23	27-Nov-23
'Yemisi Ayeni	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Thabo Mabe	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Olakunle Alake	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fatima Aliko-Dangote	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Halima Aliko-Dangote	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Abdu Dantata	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Sada Ladan-Baki	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Chris Ogbechie	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Knut Ulvmoen	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Fatima Wali-Abdurrahman	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No

Corporate Governance Report

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 2023 quarterly unaudited financial reports and interim dividend.
- Consideration of the 2022 audited financial reports and proposed 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 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, and oversees 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 five (5) Directors. The Committee members are:

Chris Ogbechie	Chairman
Olakunle Alake	Member
Fatima Aliko-Dangote	Member
Halima Aliko-Dangote	Member
Sada Ladan-Baki	Member

Finance, Risk and Audit Committee attendance for the year ended 31 December 2023.

Corporate Governance Report

3.1 The Finance, Risk and Audit Committee (continued)

The Committee held four (4) meetings in 2023.

Name	24-Feb-23	20-Apr-23	21-Jul-23	25-Oct-23
Chris Ogbechie	Yes	Yes	Yes	Yes
Olakunle Alake	Yes	Yes	Yes	Yes
Fatima Aliko-Dangote	Yes	Yes	Yes	Yes
Halima Aliko-Dangote	Yes	Yes	Yes	Yes
Sada Ladan-Baki	Yes	Yes	Yes	Yes

Key matters of the committee

- Reviewed the 2022 annual reports and accounts.
- Reviewed the 2023 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
Fatima Aliko-Dangote	Member
Halima Aliko-Dangote	Member
Abdu Dantata	Member
Fatima Wali-Abdurrahman	Member

The Establishment and General Purpose Committee attendance for the year ended 31 December 2023.

The Committee held four (4) meetings in 2023.

Name	23-Feb-23	19-Apr-23	20-Jul-23	25-Oct-23
Knut Ulvmoen	Yes	Yes	Yes	Yes
Fatima Aliko-Dangote	Yes	Yes	Yes	Yes
Halima Aliko-Dangote	Yes	Yes	Yes	Yes
Abdu Dantata	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
27 February 2024

Report of the Statutory Audit Committee

This report is provided by the audit committee appointed in respect of the 2023 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 yearly at Annual 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 2023;

Name	27-Feb-23	25-Apr-23	27-Jul-23	27-Oct-23
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 the Company's internal control policies prior to endorsement by the Board.
- Supervised investigations into matters within its scope, such as evaluation of the effectiveness of the Company’s internal controls.

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 2023 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.

Report of the Statutory Audit Committee

5. Report of the Statutory Audit Committee

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 2023. 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.

Okey Nwuke
Chairman, Audit Committee
FRC/2017/ICAN/00000016523
27 February 2024

Members of the Committee

Umar Farouk

Kudaisi Ayodele Sarat

Halima Aliko-Dangote

Chris Ogbechie

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

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 2023, 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 (Amendment) Act, 2023.

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; and
- 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 23 to 68, for the year ended 31 December 2023, were approved by the board of Directors on 27 February 2024.

Signed on behalf of the Board of Directors By:

'Yemisi Ayeni	**Thabo Mabe**
Chairperson	**Managing Director**
FRC/2013/IODN/0000073173	**FRC/2013/IODN/00000001741**

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

We have reviewed the financial statements of Nascon Allied Industries Plc for the year ended 31 December 2023.

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 2023.
- 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 Auditor 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.

Thabo Mabe
Managing Director
FRC/2013/IODN/00000001741

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

Certification of management's assessment on internal control over financial reporting

We, Thabo Mabe (the Managing Director) and Aderemi Saka (the Chief Financial Officer) of Nascon Allied Industries Plc, certify that:

a) We have reviewed this Management's Report on the Assessment of Internal Control Over Financial Reporting of Nascon Allied Industries Plc;
b) Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
c) Based on our knowledge, 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 as of, and for, the periods presented in this report;
d) We:
1) Are responsible for establishing and maintaining internal controls;
2) Have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the company, is made known to us by others, particularly during the period in which this report is being prepared;
3) Have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
4) Have evaluated the effectiveness of the company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
e) We have disclosed, based on our most recent evaluation of internal control system, to the company's auditors and the audit committee of the company's board of directors:
1) There were no significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
2) There were no fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control system.
f) We have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Dated this 27th day of February 2024

Thabo Mabe	**Aderemi Saka**
Managing Director	**Chief Financial Officer**
FRC/2013/IODN/00000001741	**FRC* "Waiver granted by FRCN"**

Management's Report on the Assessment of Internal Control over Financial Reporting as at 31st December 2023

Management of Nascon Allied Industries Plc ("NASCON" or the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Company's principal executive and principal financial officers, or persons performing similar functions, and effected by NASCON's Board of Directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the generally acceptable accounting principles (GAAP).

NASCON's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the Company's assets; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that receipts and expenditures of the Company are being made only in accordance with authorizations of NASCON's management and directors; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

However, because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. In addition, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Management has completed an assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2023. In making the assessment, management used the "Internal Control — Integrated Framework" ("COSO 2013") promulgated by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

Based upon the assessment performed, management concluded that as of December 31, 2023, NASCON's internal control over financial reporting was effective based upon the COSO 2013 framework. Additionally, based upon management's assessment, the Company determined that there were no material weaknesses in its internal control over financial reporting as of December 31, 2023.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2023, has been audited by PricewaterhouseCoopers (PWC), an independent registered public accounting firm, as stated in their report, which appears herein.

Dated this 27th day of February 2024

Thabo Mabe
Managing Director
FRC/2013/IODN/00000001741

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

Independent practitioner's report

To the Members of Nascon Allied Industries Plc

Report on an assurance engagement performed by an independent practitioner to report on management's assessment of controls over financial reporting

Our opinion

In our opinion, nothing has come to our attention that the internal control procedures over financial reporting put in place by management of Nascon Allied Industries Plc ("the company's") are not adequate as of 31 December 2023, based on the SEC Guidance on Implementation of Section 60 – 63 of The Investments and Securities Act 2007 issued by The Securities and Exchange Commission.

What we have performed

We have performed an assurance engagement on Nascon Allied Industries Plc's internal control over financial reporting as of December 31, 2023, based on FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting ("the Guidance") issued by the Financial Reporting Council of Nigeria. The company's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on the Assessment of Internal Control over Financial Reporting as at 31st December 2023. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our assurance engagement.

Basis for opinion

We conducted our assurance engagement in accordance with the Guidance, which requires that we plan and perform the assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other matter

We also have audited, in accordance with the International Standards on Auditing, the financial statements of Nascon Allied Industries Plc and our report dated 1 March 2024 expressed an unqualified opinion.

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

1 March 2024

Engagement Partner: Yinka Yusuf
FRC/2013/ICAN/00000005161

Independent auditor's report

To the Members of Nascon Allied Industries Plc

Report on the audit of the financial statements

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 2023, 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 (Amendment) Act, 2023.

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 2023;
- the statement of financial position as at 31 December 2023;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the annual report and financial statements, which include a summary of material accounting policies.

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.

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.

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises 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, Statements 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, Certification of management's assessment on internal control over financial reporting, Management's Report on the Assessment of Internal Control over Financial Reporting as at 31st December 2023, 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 2023 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 2023 Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

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.

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.

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 locations 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.

In accordance with the requirements of the Financial Reporting Council, we performed a limited assurance engagement and reported on management's assessment of Nascon Allied Industries Plc's internal control over financial reporting as of 31 December 2023. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, and we have issued an unqualified opinion in our report dated 1 March 2024.

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0466084

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

1 March 2024

Engagement Partner: Yinka Yusuf
FRC/2013/ICAN/00000005161

Statement of Profit or Loss and Other Comprehensive Income

	Notes	2023 N '000	2022 N '000
Revenue from contracts with customers	5	80,828,373	58,786,251
Cost of sales	7	(36,509,587)	(34,243,932)
Gross profit		**44,318,786**	**24,542,319**
Other income	8	194,305	124,293
Other operating gains/(losses)	9	267,500	(794,555)
Movement in credit loss allowances	10	11,013	(16,147)
Distribution costs	11.1	(18,988,580)	(12,038,516)
Administrative expenses	11.2	(4,706,955)	(3,142,912)
Operating profit		**21,096,069**	**8,674,482**
Interest received	12	927,498	394,538
Interest paid	15	(1,435,308)	(694,829)
Profit before taxation		**20,588,259**	**8,374,191**
Taxation	17	(6,859,890)	(2,904,943)
Profit for the year		**13,728,369**	**5,469,248**
Other comprehensive income		-	-
Total comprehensive income for the year		**13,728,369**	**5,469,248**
Earnings per share information			
Basic and diluted earnings per share (kobo)	19	518	206

The notes to the financial statements on pages 27 to 68 form an integral part of the annual report and financial statements.

Statement of Financial Position as at 31 December

	Notes	2023 N '000	2022 N '000
Assets			
Non-Current Assets			
Property, plant and equipment	20	12,097,461	12,468,851
Right of use	21	4,124,988	3,894,704
		16,222,449	**16,363,555**
Current Assets			
Inventories	22	11,172,733	8,266,480
Trade and other receivables	23	27,709,452	11,639,953
Other financial assets	24	725,307	695,826
Other assets	25	2,149,156	5,558,747
Cash and cash equivalents	26	25,612,894	13,006,210
		67,369,542	**39,167,216**
Total Assets		**83,591,991**	**55,530,771**
Equity and Liabilities			
Equity			
Share capital	27	1,324,719	1,324,719
Share premium	28	434,037	434,037
Retained earnings	29	25,713,102	17,283,610
		27,471,858	**19,042,366**
Liabilities			
Non-Current Liabilities			
Borrowings	31	38,570	38,570
Lease liabilities	32	3,893,818	3,701,309
Retirement benefit obligation	33	122,805	133,171
Deferred tax	18	2,405,190	2,125,796
		6,460,383	**5,998,846**
Current Liabilities			
Trade and other payables	34	30,931,522	20,177,590
Borrowings	31	5,494,099	4,792,881
Lease liabilities	32	297,214	301,028
Contract liabilities	35	6,341,007	2,099,314
Current tax payable	17	6,595,908	3,118,746
		49,659,750	**30,489,559**
Total Liabilities		**56,120,133**	**36,488,405**
Total Equity and Liabilities		**83,591,991**	**55,530,771**

The annual report and financial statements and the notes on pages 23 to 70, were approved by the Board on the 27 February 2024 and were signed on its behalf by:

'Yemisi Ayeni
Chairperson
FRC/2013/IODN/0000073173

Thabo Mabe
Managing Director
FRC/2013/IODN/00000001741

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

The notes to the financial statements on pages 27 to 68 form an integral part of the annual report and financial statements.

Statement of Changes in Equity

	Share capital N '000	Share premium N '000	Retained earnings N '000	Total equity N '000
Balance at 1 January 2022	**1,324,719**	**434,037**	**12,871,924**	**14,630,680**
Profit for the year	-	-	5,469,248	5,469,248
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**5,469,248**	**5,469,248**
Transactions with owners				
Dividends	-	-	(1,057,562)	(1,057,562)
	-	**-**	**(1,057,562)**	**(1,057,562)**
Balance at 31 December 2022	**1,324,719**	**434,037**	**17,283,610**	**19,042,366**
Balance at 1 January 2023	**1,324,719**	**434,037**	**17,283,610**	**19,042,366**
Profit for the year	-	-	13,728,369	13,728,369
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	**-**	**-**	**13,728,369**	**13,728,369**
Transactions with owners				
Dividends	-	-	(5,298,877)	(5,298,877)
	-	**-**	**(5,298,877)**	**(5,298,877)**
Balance at 31 December 2023	**1,324,719**	**434,037**	**25,713,102**	**27,471,858**

The notes to the financial statements on pages 27 to 68 form an integral part of the annual report and financial statements.

Statement of Cash Flows

	Notes	2023 N '000	2022 N '000
Cash flows from operating activities			
Cash generated from operations	36	23,163,517	4,874,504
Tax paid	17	(3,103,334)	(1,369,873)
Retirement benefit obligations paid	33	(10,366)	(5,043)
Net cash from operating activities		**20,049,817**	**3,499,588**
Cash flows from investing activities			
Purchase of property, plant and equipment	20	(1,878,247)	(1,290,512)
Proceed from sale of property, plant and equipment	20	57,239	-
Interest income	12	927,498	394,538
Net cash (used in) investing activities		**(893,510)**	**(895,974)**
Cash flows from financing activities			
Borrowings	31	701,218	4,792,881
Dividends paid	30	(5,298,877)	(1,057,562)
Interest paid	15	(1,045,374)	-
Payment on lease liabilities	32	(678,217)	(375,199)
Net cash (used in)/from financing activities		**(6,321,250)**	**3,360,120**
Total cash and cash equivalents movement for the year		**12,835,057**	**5,963,734**
Cash and cash equivalents at the beginning of the year		13,006,210	7,044,016
Effect of exchange rate movement on cash balances		(228,373)	(1,540)
The total cash and cash equivalents at end of the year	26	**25,612,894**	**13,006,210**

The notes to the financial statements on pages 27 to 68 form an integral part of the annual report and financial statements.

Notes to the annual report and financial statements

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 2023 were authorised for issue in accordance with a resolution of the directors on Tuesday, 27 February 2024.

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 2023 to 31 December 2023 with comparatives for the year ended 31 December 2022.

1.3 Going concern status

The Company has consistently generated Profit 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 Material accounting policies

The material 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 (Amendment) Act, 2023 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.

Notes to the annual report and financial statements

2. Material accounting policies (continued)

2.2 Basis of meaurement (continued)

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;

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 annual report and 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 (N'000) unless otherwise stated.

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 annual report and 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 and 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; and
- 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. The customer payment are catigories into cash and 30 days credit sales.

2. Material accounting policies (continued)

2.4 Revenue from contracts with customers (continued)

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 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 Interest 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.

Notes to the annual report and financial statements

2. Material accounting policies (continued)

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 3% 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.

2. Material accounting policies (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 fixtures	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 and freehold land are 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.

2. Material accounting policies (continued)

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.

Notes to the annual report and financial statements

2. Material accounting policies (continued)

Right of use

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 on a straight-line basis over the lease term.

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.

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.

Notes to the annual report and financial statements

2. Material accounting policies (continued)

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

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.

2. **Material accounting policies (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.

2. Material accounting policies (continued)

2.12 Financial instruments (continued)

Borrowings

Classification

Borrowings consist of Usance credit facility from bank. they are classified as financial liabilities subsequently measured at amortised cost.

Recognition and measurement

Borrowings are recognised when the Company becomes a party to the contractual provisions of the loan. The loans 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.

Interest expense, calculated on the effective interest method, is included in profit or loss in interest paid (note 15.)

Borrowings expose the company to liquidity risk and 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.

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 interest paid (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.

2. Material accounting policies (continued)

2.12 Financial instruments (continued)

Cash and cash equivalents

Cash and cash equivalents comprises of cash on hand and bank balances. Cash and cash equivalents are stated at carrying amounts which are deemed to be at fair value. They are subsequently measured at amortized cost.

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.

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.

Notes to the annual report and financial statements

2. Material accounting policies (continued)

2.14 Government grants (continued)

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. Dividend is paid once dclared and approved.

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.

Notes to the annual report and financial statements

3 Critical accounting judgement and key sources of estimation uncertainty

In the application of the Company's material 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.

3. 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.

Notes to the Annual Report And Financial Statements

4. New Standards and Interpretations

4.1 New standards and interpretations effective and adopted in the current year

The following amendments were effective for the first time for the reporting period commencing 1 January 2023. These amendments do not have a material impact on the financial statements.

IFRS 17 Insurance Contracts

IFRS 17 was issued in May 2017 as replacement for IFRS 4 Insurance Contracts. It requires a current measurement model where estimates are remeasured in each reporting period. Contracts are measured using the building blocks of: discounted probability-weighted cash flows an explicit risk adjustment, and a contractual service margin (CSM) representing the unearned profit of the contract which is recognised as revenue over the coverage period. The standard allows a choice between recognising changes in discountrates either in the statement of profit or loss or directly in other comprehensive income. The choice is likely to reflect how insurers account for their financial assets under IFRS 9. An optional, simplified premium allocation approach is permitted for the liability for the remaining coverage for eligible groups of insurancecontracts, which are often written by non-life insurers. There is a modification of the general measurement model called the ntracts written by life insurers where policyholders share in the returns from underlying items. When applying the variable fee approach, underlying items is included in the CSM. The results of insurers using this model are therefore likely to be less volatile than under the general model. The new rules will affect the financial statements and key performance indicators of all entities that issue insurance contracts or investment contracts with discretionary participation features. Targeted amendments made in July 2020 aimed to ease the implementation of the standard by reducing implementation costs and making it easier for entities to explain the results from applying IFRS 17 to investors and others. The amendments also deferred the application date of IFRS 17 to 1 January 2023. Further amendments made in December 2021 added a transition option that permits an entity to apply an optional classification overlay in the comparative period(s) presented on initial application of IFRS 17. The classification overlay applies to all financial assets, including those held in respect of activities not connected to contracts within the scope of IFRS 17.It allows those assets to be classified in the comparative period(s) in a way that aligns with how the entity expects those assets to be classified on initial application of IFRS 9. The classification can be applied on an instrument-by-instrument basis.

Disclosure of Accounting Policies Amendments to IAS1 and IFRS Practice Statement 2

The IASB amended IAS 1 Presentation of Financial Statements to require entities to disclose their material rather than their significant accounting (being information that, when considered together with other expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements) and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information. To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Definition of Accounting Estimates Amendments to IAS 8

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

4.2 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 2023 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.

4.2.1 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, 2024 or later periods but are not relevant to its operations:

Classification of Liabilities as Current or Non-current Amendments to IAS1 Non-current Liabilities withCovenants Amendments to IAS1

4. New Standards and Interpretations (continued)

Amendments made to IAS 1 Presentation of Financial Statements in 2020 and 2022 clarified that liabilities are classified as either current or noncurrent, depending on the rights that exist at the end of the reporting after the reporting date (e.g. the receipt of a waiver or a breach of covenant). Covenants of loan arrangements will not affect classification of a liability ascurrent or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date. The amendments require disclosures if an entity classifies a liability as noncurrent and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include: he carrying amount of the liabilityinformation about the covenants, and facts and circumstances, if any, that indicate that the entity mayhave difficulty complying with the covenants. The amendments also clarify what IAS 1 means when it refers to thef a liability that could, at the option of the equity instrument can only be ignored for the purpose of classifying theliability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note. The amendments must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Special transitional rules apply if an entity had earlyadopted the 2020 amendments regarding the classification of liabilities as current or non-current.

The effective date of the amendment is 1 January 2024.

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

Lease Liability in a Sale and Leaseback Amendments to IFRS 16

In September 2022, the IASB finalised narrow-scope amendments to the requirements for sale and leaseback transactions in IFRS 16 Leases which explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller- - lessee recognising any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate.

The effective date of the standard is for years beginning on or after January 1, 2024.

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

Supplier finance arrangements Amendments to IAS 7 and IFRS 7

The IASB has issued new disclosure requirements about supplier financing s IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments:Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs flows and the exposure to liquidity risk. The new disclosures include information about the following:The terms and conditions of SFAs. The carrying amounts of financial liabilities that are part of SFAs and the line items in which those liabilities are presented. The carrying amount of the financial liabilities in (b) for which suppliers have already received payment from the finance providers. The range of payment due dates for both the financial liabilities thatare part of SFAs, and comparable trade payables that are not part of such arrangements. Non-cash changes in the carrying amounts of financial liabilities in (b). Access to SFA facilities and concentration of liquidity risk with financeproviders. The IASB has provided transitional relief by not requiring comparative information in the first year, and also not requiring disclosure of specified opening balances. Further, the required disclosures are only applicable for annual periods during the first year of application. Therefore, the earliest that the new disclosures will have to be provided is in annual financial reports for December 2024 year-ends, unless an entity has a financial year of less than 12 months.

The effective date of the standard is for years beginning on or after January 1, 2024.

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

Sale or contribution of assetsbetween an investor and itsassociate or joint venture Amendments to IFRS 10 and IAS 28

Notes to the Annual Report And Financial Statements

4. New Standards and Interpretations (continued)

The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures. The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the nonmonetary assets sold or contributed to an associate or joint venture Business Combinations). Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is interests in the associate or joint venture. The amendments apply prospectively. ** In December 2015, the IASB decided to defer the application date of thisamendment until such time as the IASB has finalised its research project on the equity method.

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.

	2023 N '000	2022 N '000

5. Revenue from contracts with customers

	2023 N '000	2022 N '000
Sale of goods	80,828,373	58,786,251

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:

2023

	Revenue		
	Total segment revenue N '000	**Segment cost of sales N '000**	**Segment gross profit/(loss) N '000**
Salt	75,594,480	(33,116,414)	42,478,066
Seasoning	5,233,893	(3,378,223)	1,855,670
Tomato Paste	-	(14,950)	(14,950)
Total	**80,828,373**	**(36,509,587)**	**44,318,786**

2022

	Revenue		
	Total segment revenue N '000	**Segment cost of sales N '000**	**Segment gross profit/(loss) 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)
Total	**58,786,251**	**(34,243,932)**	**24,542,319**

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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 40.1 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.

2023

	Total assets N '000	Total liabilities N '000
Salt	78,119,270	53,480,689
Seasoning	5,389,859	111,449
Tomato Paste	82,862	-
Total	**83,591,991**	**53,592,138**
Unallocated		
Retirement benefit obligations	-	122,805
Deferred tax	-	2,405,190
Total as per statement of financial position	**83,591,991**	**56,120,133**

2022

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

	2023 N '000	2022 N '000

6. Segmental information (continued)

Geographical information

	Revenue by location of customer N '000	**Revenue by location of customer N '000**
East	4,704,923	3,477,803
West	16,578,364	14,199,742
North	59,545,086	41,108,706
Total	**80,828,373**	**58,786,251**

7. Cost of sales

	2023	2022
Raw materials consumed	31,372,245	30,451,330
Employee costs (Note 16)	1,444,488	978,799
Depreciation of property, plant and equipment (Note 20)	627,511	661,949
Depreciation of right of use assets (Note 13)	249,753	145,520
Manufacturing expenses	2,815,590	2,006,334
	36,509,587	**34,243,932**

8. Other income

	2023	2022
Rental income	-	16,544
Sale of scrap	176,855	93,038
Insurance claim	17,116	14,711
Other income	334	-
	194,305	**124,293**

9. Other operating gains/(losses)

	2023	2022
Gains/(losses) on disposals, scrappings and settlements		
Property, plant and equipment (Note 20.5)	39,127	(425,857)
Foreign exchange (losses)/gains		
Net foreign exchange gains (losses)	228,373	(368,698)
Total other operating gains/(losses)	**267,500**	**(794,555)**

This relates to exchange differences arising from payments and receipts in foreign denominated currencies.

10. Movement in credit loss allowances

	2023	2022
Trade receivables		
Impairment writeback/(charge) on trade receivable (Note 23)	8,958	(24,058)
Impairment writeback/(charge) on intercompany receivables (Note 23)	241	10,331
Impairment writeback/(charge) on staff loans (Note 23)	1,814	(2,420)
	11,013	**(16,147)**

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	2023 N '000	2022 N '000
11. Operating expenses		
11.1 Distribution cost		
Market activation	430,476	339,636
Branding expenses	415,426	252,375
Delivery expenses	16,971,203	10,301,959
Depreciation for trucks (Note 13)	1,171,475	1,144,546
	18,988,580	**12,038,516**
11.2 Administrative expenses		
Management fees	196,041	130,602
Auditor's remuneration	35,250	26,000
Bank charges	66,519	49,089
Cleaning	85,771	43,862
Consulting and professional fees	109,173	85,403
Depreciation of property, plant and equipment (Note 13)	432,538	442,938
Depreciation right of use (Note 13)	2,740	4,341
Directors remuneration (Note 39)	188,555	153,253
Employee costs (Note 16)	2,320,457	1,402,535
Entertainment	52,651	37,672
Business development	66,949	77,950
Insurance	63,436	51,591
Petrol and oil	45,611	24,710
Printing and stationery	35,609	32,567
Repairs and maintenance	96,546	67,221
Secretarial fees	57,591	67,891
Security	107,644	61,555
Staff welfare	99,362	115,398
Telephone and fax	335,417	103,844
Travel - local	309,095	163,554
Travel - overseas	-	936
	4,706,955	**3,142,912**

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. Interest received

	2023 N '000	2022 N '000
Interest income on bank balances	4	136
Interest income on short term fixed deposit	927,494	394,402
	927,498	**394,538**

Notes to the Annual Report And Financial Statements

	2023 N '000	2022 N '000

13. Depreciation

The following items are included within depreciation:

	2023 N '000	2022 N '000
Depreciation		
Property, plant and equipment (Note 20)	2,231,524	2,249,433
Right of use (Note 21)	252,493	149,861
	2,484,017	**2,399,294**
Total depreciation		
Depreciation (Administrative expenses Note 11.2)	432,538	442,938
Depreciation (Cost of sales Note 7)	627,511	661,949
Depreciation (Distribution cost Note 11.1)	1,171,475	1,144,546
	2,231,524	**2,249,433**
Depreciation right of use assets		
Depreciation (Administrative expenses Note 11.2)	2,740	4,341
Depreciation (Cost of sales Note 7)	249,753	145,520
	252,493	**149,861**

14. Auditors' remuneration

	2023 N '000	2022 N '000
Fees	35,250	26,000

15. Interest paid

	2023 N '000	2022 N '000
Interest on borrowings	1,045,374	126,714
Interest on lease liabilities (Note 32)	389,934	568,115
Total finance costs	**1,435,308**	**694,829**

In the current year, the Company had a Usance facility with Zenith Bank Plc, Access Bank Plc and United Bank for Africa Plc at an average rate of 13.1% per annum . The value of the borrowing was based on drawdown of the facility.

16. Employee costs

The following items are included within employee benefits expense:

	2023 N '000	2022 N '000
Direct labour costs		
Basic	818,597	645,780
Medical aid - company contributions	17,698	11,311
Other payroll levies	9,545	5,696
Leave pay provision charge	38,609	19,871
Short-term benefit	474,965	243,092
Other short term costs	-	639
Post-employment benefits - Pension (Defined contribution plan)	85,074	52,410
Direct labour costs (Note 7)	**1,444,488**	**978,799**

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	2023 N '000	2022 N '000
16. Employee costs (continued)		
Indirect employee costs		
Basic	1,002,669	769,553
Bonus	479,074	149,533
Medical aid - company contributions	9,334	6,437
Other payroll levies	37,389	27,051
Leave pay provision charge	71,713	38,499
Short-term benefit	569,436	339,628
Other short-term costs	51,913	14,466
Post-employment benefits - Pension (Defined contribution plan)	97,616	57,368
Termination benefits	1,313	-
Administrative cost (Note 11.2)	**2,320,457**	**1,402,535**
Total employee costs		
Direct employee costs	1,444,488	978,799
Indirect employee costs	2,320,457	1,402,535
	3,764,945	**2,381,334**

Average number of persons employed during the year

	Number	Number
Management	86	65
Senior staff	224	213
Junior staff	363	312
	673	**590**

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	**Number**	**Number**
1 - 5,000	544	536
5,001 - 10,000	91	38
10001 - 15,000	16	10
15,001 - 20,000	11	6
20,000 and above	11	-
	673	**590**

	2023 N '000	2022 N '000

17. Taxation

Major components of the tax expense

	2023 N '000	2022 N '000
Current		
Local income tax	5,914,547	2,815,691
Education tax	664,920	294,237
Police Trust Fund Levy	1,029	419
Adjustments recognised in the current year in relation to tax of prior year	-	25,241
	6,580,496	**3,135,588**
Deferred		
In respect of current year (Note 18)	287,512	(230,645)
Adjustments recognized in the current period in relation to the deferred tax of prior periods	(8,118)	-
	279,394	**(230,645)**
	6,859,890	**2,904,943**

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 3% respectively of the estimated taxable profit for the year, Police 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:

Reconciliation of tax expense

Reconciliation between accounting profit and tax expense.

	2023 N '000	2022 N '000
Profit before tax from continuing operations	20,588,259	8,374,191
Tax at the applicable tax rate of 30% (2022: 30%)	6,176,478	2,512,257
Education tax rate of 3% (2022: 2.5%)	664,920	294,237
Tax effect of adjustments on taxable income		
Effect of expenses that are not deductible in determining taxable profit	11,282	144,730
Adjustements recognised due to difference in tax rates	19,671	(17,127)
Effect of concessions (research and development and other allowances)	(1,824)	(53,927)
Police Trust Fund	1,029	419
Effect of income that is exempt from taxation	444	(887)
Adjustments recognized in the current period in relation to the deferred tax of prior periods	(8,118)	25,241
Effect of changes in tax rate	(3,992)	-
	6,859,890	**2,904,943**

Current tax liabilities in the statement of financial position

	2023 N '000	2022 N '000
At 1 January	3,118,746	1,353,031
Charge for the year	6,580,496	3,135,588
Payment during the year	(3,103,334)	(1,369,873)
At 31 December	**6,595,908**	**3,118,746**

	2023 N '000	2022 N '000

18. Deferred tax

	2023 N '000	2022 N '000
Deferred tax liability	(2,527,620)	(2,356,442)
Deferred tax asset	122,430	230,646
Total net deferred tax liability	**(2,405,190)**	**(2,125,796)**

Reconciliation of deferred tax liability

	2023 N '000	2022 N '000
At January 1	(2,125,796)	(2,356,442)
Temporary difference movement in the year	(279,387)	230,646
Adjustments recognized in the current period in relation to the deferred tax of prior periods	(7)	-
At 31 December	**(2,405,190)**	**(2,125,796)**

Analysis of deferred tax is made up of

31 December 2023 Deferred tax (asset) or liability in relation to:	**At 1 January 2023**	**Recognize in profit or loss**	**At 31 December 2023**
	N '000	N '000	N '000
Property, plant and equipment	2,377,142	75,115	2,452,257
Allowance for doubtful debt	(104,656)	5,445	(99,211)
Unrealised exchange difference	(111,702)	187,065	75,363
IFRS 16 Leases	(34,988)	11,769	(23,219)
	2,125,796	**279,394**	**2,405,190**

31 December 2022 Deferred tax (asset) or liability in relation to:	**At 1 January 2022**	**Recognize in profit or loss**	**At 31 December 2022**
	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)
	2,356,442	**(230,646)**	**2,125,796**

19. Earnings per share

Basic earnings per share

	2023	2022
From continuing operations (kobo per share)	518	206

Reconciliation of profit or loss for the year to basic earnings

	2023 N '000	2022 N '000
Profit or loss for the year attributable to equity holders of the parent	13,728,369	5,469,248
	13,728,369	**5,469,248**
Weighted average number of ordinary shares as at 31 December ('000)	**2,649,438**	**2,649,438**

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

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20. 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	Capital work-in-progress N '000	Total N '000
Cost									
Balance at 1 January 2022	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
Addition	-	234,624	215,866	60,800	100,865	1,090,050	51,972	124,070	1,878,247
Disposal	-	-	-	(15,781)	-	(1,408,189)	-	-	(1,423,970)
Reclassification	-	113,914	-	-	-	-	-	(113,914)	-
Balance at 31 December 2023	70,000	4,164,064	870,303	8,864,560	482,093	8,086,244	275,352	124,070	22,936,686
Accumulated depreciation									
Balance at 1 January 2022	-	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
Charge for the year	-	78,792	98,408	548,719	66,821	1,377,078	61,706	-	2,231,524
Disposal	-	-	-	(6,312)	-	(1,399,545)	-	-	(1,405,857)
Balance at 31 December 2023	-	377,771	554,356	3,348,256	262,385	6,083,838	212,619	-	10,839,225
Carrying amount									
Balance as at 31 December 2023	70,000	3,786,293	315,947	5,516,304	219,708	2,002,406	62,733	124,070	12,097,461
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

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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 store rack and renovation of canteen at Salt Village plant.

20.2 Adjustments to capital work-in-progress

There were no adjustment in the current year.

20.3 Asset pledged as security

None of the Company's assets were pledged as security for any liabilities as at 31 December 2023 (2022:Nil).

20.4 Impairment assessment

Included in property, plant and equipment are assets related to Tomato Paste plant with carrying values of N82.86 million as at 31 December 2023. 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 N311.07 million exceeded the carrying value. There was no impairment gain or loss recognised as at 31 December 2023 (2022:Nil).

20.5 Sale of Property, plant and equipment

	2023 N'000	2022 N'000
Net book value of disposed assets	18,112	425,857
Proceeds from sales	(57,239)	-
(Gain)/loss on disposals	**(39,127)**	**425,857**

Notes to the Annual Report And Financial Statements

21. Right of use

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
Cost			
At 1 January 2022	3,243,011	1,131,269	4,374,280
Modifications	-	206,639	206,639
At 31 December 2022	**3,243,011**	**1,337,908**	**4,580,919**
1 January 2023	3,243,011	1,337,908	4,580,919
Addition/adjustment	(170,072)	652,849	482,777
At 31 December 2023	**3,072,939**	**1,990,757**	**5,063,696**
Depreciation			
At 1 January 2022	-	(536,354)	(536,354)
Depreciation	-	(149,861)	(149,861)
At 31 December 2022	**-**	**(686,215)**	**(686,215)**
At 1 January 2023	-	(686,215)	(686,215)
Depreciation	-	(252,493)	(252,493)
At 31 December 2023	**-**	**(938,708)**	**(938,708)**
Carrying amount			
Cost	3,243,011	1,337,908	4,580,919
Accumulated depreciation	-	(686,215)	(686,215)
At 31 December 2022	**3,243,011**	**651,693**	**3,894,704**
Cost	3,072,939	1,990,757	5,063,696
Accumulated depreciation	-	(938,708)	(938,708)
At 31 December 2023	**3,072,939**	**1,052,049**	**4,124,988**

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	2023 N '000	2022 N '000

22. Inventories

Raw materials	8,394,709	5,045,226
Work in progress	1,249	1,401
Finished goods	164,190	1,161,010
Spare parts and consumables	1,134,734	915,669
Oil and lubricants	325,423	203,790
Packaging materials	1,152,428	939,384
	11,172,733	**8,266,480**

During the year, there were no inventory written down/reversal to net realisable value (2022: Nil).

The cost of inventories recognised as an expense during the year in respect of continuing operations was N33.452 billion (2022: N30.451 billion).

22.1 Inventory pledged as security

No inventory was pledged as security for any liability (2022: Nil).

23. Trade and other receivables

Financial instruments:		
Trade receivables	974,105	979,246
Trade receivables - related parties (Note 38.1)	23,978,380	10,267,037
Loss allowance	(134,507)	(143,706)
Trade receivables at amortised cost	24,817,978	11,102,577
Advances to suppliers	1,081,026	186,464
Employee loans and advances	32,894	49,027
Loss allowance on employee loans and advances	(872)	(2,686)
Interest receivables	713,438	304,571
Non-financial instruments:		
VAT	1,064,988	-
Total trade and other receivables	**27,709,452**	**11,639,953**

Categorisation of trade and other receivables

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

At amortised cost	26,644,464	11,639,953
Non-financial instruments	1,064,988	-
	27,709,452	**11,639,953**

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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23. Trade and other receivables (continued)

	2023	2023	2022	2022
Expected credit loss rate:	**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				
Outstanding for 0 - 3 months: 4.70% (2022: 5.48%)	942,654	(44,337)	946,406	(51,847)
Outstanding over 1 year: 99.82% (2022: 100%)	31,451	(31,393)	32,840	(32,840)
	974,105	**(75,730)**	**979,246**	**(84,687)**
Related party receivables				
Outstanding for 0 - 3 months: 65.42% (2022: Nil)	11,579	(7,575)	-	-
Outstanding over 1 year: 82.26% (2022: 84.99%)	62,242	(51,203)	69,443	(59,019)
	73,821	**(58,778)**	**69,443**	**(59,019)**
Total	**1,047,926**	**(134,508)**	**1,048,689**	**(143,706)**

Staff loans	**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	32,894	-	-	32,894
Loss allowance as at 31 December 2023	(872)	-	-	(872)
	32,022	**-**	**-**	**32,022**

Staff loans	**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)
	46,341	**-**	**-**	**46,341**

Reconciliation of loss allowances

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

	2023 N '000	2022 N '000
Opening balance in accordance with IFRS 9	(146,392)	(130,244)
Provision reversed/(raised) on new related party receivables	241	10,331
Provisions reversed/(raised) on settled trade receivables	8,958	(24,058)
Provision reversed/(raised) on staff loan	1,814	(2,421)
Closing balance	**(135,379)**	**(146,392)**

Notes to the Annual Report And Financial Statements

	2023 N '000	2022 N '000

23. Trade and other receivables (continued)

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

	2023 N '000	2022 N '000
Gross carrying amount as at 1 January	11,246,283	9,267,151
Revenue from third parties	80,828,373	58,786,251
Receipts from third parties	(78,751,035)	(59,557,117)
Rebates receivable from related party	11,628,864	2,749,998
Gross carrying amount as at 31 December	**24,952,485**	**11,246,283**

24. Other financial assets

	2023 N '000	2022 N '000
Fixed deposit	725,307	695,826
Current assets		
Securities held at amortised cost	725,307	695,826

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.

25. Other assets

	2023 N '000	2022 N '000
Prepayments:		
Insurance prepaid	-	8,437
Prepayment-Others	105,501	2,864
Deposit for import	2,040,249	5,500,635
Promotional items	3,406	46,811
	2,149,156	**5,558,747**

Deposits for imports represents Central Bank of Nigeria (CBN) forwards (averaging 60 to 180 days) which have matured awaiting disbursement as at year end.

26. Cash and cash equivalents

Cash and cash equivalents consist of:

	2023 N '000	2022 N '000
Cash on hand	2,896	1,553
Bank balances	25,609,998	13,004,657
	25,612,894	**13,006,210**

27. Share capital

	2023 N '000	2022 N '000
Authorised, issued and fully paid		
2,649,438,378 ordinary shares of 50 kobo each	1,324,719	1,324,719

28. Share premium

	2023 N '000	2022 N '000
Issued		
Share premium	434,037	434,037

Notes to the Annual Report And Financial Statements

	2023 N '000	2022 N '000

29. Retained earnings

At 1 January	17,283,610	12,871,924
Profit for the year	13,728,369	5,469,248
Dividend declared and paid	(5,298,877)	(1,057,562)
At 31 December	**25,713,102**	**17,283,610**

At the Annual General Meeting held on 26 May 2023, the shareholders approved that dividend of 100 kobo per ordinary share amounting to N2.649 billion be paid to shareholders for the year ended 31 December 2022.

In the current year an interim dividend of 100 kobo per ordinary was approved and paid on 17 November 2023 to the shareholders

A bonus issue in respect of the year ended 31 December 2023 amounting to 52,988,767.56 ordinary shares to be distributed as fully paid-up ordinary shares to existing shareholders whose name appears in the Register of Members as at the close of business on 6 May 2024, in the proportion of two (2) new ordinary shares of 50 kobo to every hundred (100) existing ordinary shares held by them was proposed at the board meeting held on February 27, 2024 and subject to approval at the Annual General Meeting.

30. Dividend payable

At 1 January	-	-
Dividend declared	5,298,877	1,057,562
Payments - Meristem Registrars and Probate Services Limited	(5,298,877)	(1,057,562)
At 31 December	**-**	**-**

31. Borrowings

Held at amortised cost		
At 1 January	4,831,451	38,570
Loan obtained during the year	701,218	4,792,881
At 31 December 2023	**5,532,669**	**4,831,451**

Split between non-current and current portions

Non-current liabilities	38,570	38,570
Current liabilities	5,494,099	4,792,881
	5,532,669	**4,831,451**

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, Access Bank Plc and United Bank for Africa Plc at an average rate of 13.1% per annum. The value of the borrowing was based on drawdown of the facility.

Notes to the Annual Report And Financial Statements

32. Lease liabilities

Lease liabilities	**Land N'000**	**Building N'000**	**Total N'000**
Opening balance as at 1 January 2023	3,365,808	636,529	4,002,337
Addition/adjustment	(394,256)	871,234	476,978
Interest expenses	273,422	116,512	389,934
Payments made during the year	(333,333)	(344,884)	(678,217)
At 31 December 2023	**2,911,641**	**1,279,391**	**4,191,032**

Lease liabilities			
Current	69,569	227,645	297,214
Non-current	2,842,072	1,051,746	3,893,818
	2,911,641	**1,279,391**	**4,191,032**

Lease liabilities	**Land N'000**	**Building N'000**	**Total N'000**
Opening balance as at 1 January 2022	2,999,706	640,556	3,640,262
Interest expenses	299,338	51,539	350,877
Payments made during the year	(333,333)	(41,866)	(375,199)
Modification	386,397	-	386,397
Balance 31 December 2022	**3,352,108**	**650,229**	**4,002,337**

Lease liabilities			
Current	263,901	37,127	301,028
Non-current	3,328,681	372,628	3,701,309
	3,592,582	**409,755**	**4,002,337**

	2023 N '000	2022 N '000

33. Retirement benefits obligations

33.1 Movement in gratuity

	2023 N '000	2022 N '000
At 1 January	133,171	138,214
Current service cost	-	-
Benefit paid out	(10,366)	(5,043)
At 31 December	**122,805**	**133,171**

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, 2023 represents what is owed to staff who are still in service from the old scheme. Payments are disbursed to staff upon disengagement from the company.

As at December 31, 2023 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

	2023 N '000	2022 N '000
At 1 January	-	-
Contributions during the year	329,649	197,842
Remittance in the year	(329,649)	(197,842)
At 31 December	**-**	**-**

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 N183.05 million (2022: N110.02 million) represents contributions payable to this plan by the Company as at 31 December 2023.

34. Trade and other payables

	2023 N '000	2022 N '000
Financial instruments:		
Trade payables	1,366,066	2,908,115
Amounts due to related parties (Note 38.1)	25,763,427	14,591,605
Unclaimed dividend	725,307	695,826
Other payables	40,868	31,926
Non-financial instruments:		
Accrued audit fees	19,400	26,000
Accrued expenses	2,937,287	1,786,387
Value added tax	-	98,006
Withholding tax payable	79,167	39,725
	30,931,522	**20,177,590**

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.

Notes to the Annual Report And Financial Statements

	2023 N '000	2022 N '000

35. Contract liabilities

Summary of contract liabilities

	2023 N '000	2022 N '000
Advance payment from customers	6,341,007	2,099,314

Reconciliation of contract liabilities

	2023 N '000	2022 N '000
Opening balance	2,099,314	4,274,213
Revenue recognised on delivery of goods previously paid for	(2,099,314)	(4,274,213)
Payments received in advance of delivery of performance obligations	6,341,007	2,099,314
	6,341,007	**2,099,314**

Contract liabilities represent payments received in advance of the delivery of goods.

36. Cash generated from operations

	2023 N '000	2022 N '000
Profit before taxation	20,588,259	8,374,191
Adjustments for:		
Depreciation of property, plant and equipment (Note 20)	2,231,524	2,249,433
Depreciation of right of use assets (Note 21)	252,493	149,861
(Gains)/losses on disposals of property, plant and equipment (Note 9)	(39,127)	425,857
Lease modification	(24,269)	(218,010)
Unrealised exchange gain	228,373	1,540
Interest income (Note 12)	(927,498)	(394,538)
Interest expenses (Note 15)	1,435,308	694,829
Impairment/(reversal) for credit losses (Note10)	(11,013)	16,147
PPE Adjustment (Note 20)	-	209,816
Changes in working capital:		
Increase in inventories	(2,906,253)	(3,974,906)
Increase in trade and other receivables	(16,069,499)	(1,845,851)
Decrease/(increase) in other assets	3,409,591	(4,726,570)
Increase in trade and other payables	10,753,935	6,087,604
Increase/(decrease) in contract liabilities	4,241,693	(2,174,899)
Cash generated from operations	**23,163,517**	**4,874,504**

Notes to the Annual Report And Financial Statements

	2023 N '000	2022 N '000

37. Financial instruments and risk management

37.1 Capital risk management

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.

The capital structure and gearing ratio of the company at the reporting date was as follows:

	2023 N '000	2022 N '000
Borrowings	5,532,669	4,831,451
Lease liabilities	4,191,032	4,002,337
Trade and other payables	30,931,522	20,177,590
Total debts	**40,655,223**	**29,011,378**
Cash and cash equivalents	(25,612,894)	(13,006,210)
Net debts	**15,042,329**	**16,005,168**
Equity	27,471,858	19,042,366
Gearing ratio	55 %	84 %

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.

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 65% (2022: 91%) 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:

	Notes	2023			2022		
		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	27,844,831	(135,379)	27,709,452	11,786,345	(146,392)	11,639,953
Cash and cash equivalents	26	25,612,894	-	25,612,894	13,006,210	-	13,006,210
		53,457,725	**(135,379)**	**53,322,346**	**24,792,555**	**(146,392)**	**24,646,163**

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 2023 N'000**	**31 December 2022 N'000**
A+	17,050,515	6,249,868
AA	329,361	47,485
AA-	2,322,736	3,037,126
BBB	468,811	2,600,822
BB+	1,519,233	347,220
Not rated	3,919,341	722,136
	25,609,997	**13,004,657**

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.

2023

	Note(s)	0-3 months N '000	3-6 months N '000	7-12 months N '000	Over 1 year N '000	Total N '000	Carrying amount N '000
Non-current liabilities							
Borrowings	31	-	-	-	38,570	38,570	38,570
Lease liabilities	32	-	-	-	5,605,278	5,605,278	3,893,818
Current liabilities							
Trade and other payables	34	22,282,430	1,283,727	501,888	6,863,477	30,931,522	30,931,522
Borrowings	31	701,217	-	4,792,882	-	5,494,099	5,494,099
Lease liabilities	32	150,833	89,444	174,444	297,214	711,935	297,214
		23,134,480	**1,373,171**	**5,469,214**	**12,804,539**	**42,781,404**	**40,655,223**

2022

	Note(s)	0-3 months N '000	3-6 months N '000	7-12 months N '000	Over 1 year N '000	Total N '000	Carrying amount N '000
Non-current liabilities							
Other liabilities	31	-	-	-	38,570	38,570	38,570
Finance lease liabilities	32	-	-	-	3,701,309	3,701,309	3,701,309
Current liabilities							
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
Finance lease liabilities	32	39,028	92,333	169,667	-	301,028	301,028
		13,486,250	**2,159,103**	**5,793,183**	**7,619,078**	**29,057,614**	**28,913,378**

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:

	2023 N '000	2022 N '000
US Dollar exposure:		
Current assets:		
Trade and other receivables	17,905,678	10,197,594
Cash and cash equivalents	984,589	14,555
Non-current liabilities:		
Trade and other payables	(27,429,489)	(12,961,564)
Net US Dollar exposure/(asset)	**(8,539,222)**	**(2,749,415)**

37.6.2 Foreign currency sensitivity analysis

A sixty seven percent (67%) weakening of the Naira against the Dollar at 31 December 2023 (31 December 2022: 63%) 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 (9%) strengthening of the Naira, against the Dollar at 31 December 2023 (31 December 2022: 5%) 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.

	2023 **N '000**	2022 **N '000**
Impact on profit or loss:		
Naira strengthens by 9% against the US dollar profit/(loss)	768,529	138,198
Naira weakens by 67% against the US dollar profit/(loss)	(5,721,278)	(1,741,301)
	(4,952,749)	**(1,603,103)**

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. It's cash and cash equivalents with financial institutions have fixed interest rates.

38. Related parties

38.1 Related party balances

	2023 N '000	2022 N '000
Intercompany receivables		
Parent and ultimate controlling party		
Dangote Industries Limited (Parent)	6,000,000	-
Other related party receivables		
Dangote Cement Plc (Benue Plant)	-	7,200
Dangote Sugar Refinery	10,459	-
West African Popular Foods*	62,243	62,243
Bulk Commodities Limited	17,905,678	10,197,594
	23,978,380	**10,267,037**
Intercompany payables		
Parent and ultimate controlling party		
Dangote Industries Limited (Parent)	735,602	997,552
Other related party payables		
Dangote Sugar Refinery	-	67,527
Dancom Technologies Limited	22,832	11,623
Greenview Development Nigeria Limited	1,354,811	911
Bluestar Shipping Line Limited	33,415	1,316
Dangote Cement Plc. (Obajana Plant)	3,499	24,195
Aliko Dangote Foundation	-	818
Dangote Packaging Limited	204,902	216,388
Dangote Industries Limited (Central Stores)	6,013	102,277
Dangote Cement Plc (Head Office)	1,281,083	1,729,192
Dangote Oil Refining Company Limited	-	217,030
Dangote Cement Plc. (Benue Plant)	-	77,602
Dangote Cement Plc. (Benue Plant Truck scheme)	219,311	219,311
Dangote Cement Plc. (Ibese Plant)	-	10,990
Dangote Fertilizer Limited	25,059	-
Bulk Commodities Limited	21,876,900	10,914,873
	25,763,427	**14,591,605**

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

38. Related parties (continued)

38.2 Purchases, sales, promotional support, other services and dividend

	Transaction Value		Balance due (to)/from	
	2023 N '000	**2022 N '000**	**2023 N '000**	**2022 N '000**
Purchases, promotional support and other services				
Ultimate parent	(3,712,006)	-	(735,602)	(854,140)
Other related parties	(37,853,701)	(28,018,865)	(25,004,993)	(17,750,717)
Technical services fees				
Other related parties	(62,786)	(48,004)	(22,832)	(11,623)
Dividend paid				
Ultimate parent	(3,295,572)	(659,105)	-	-
	(44,924,065)	**(28,725,974)**	**(25,763,427)**	**(18,616,480)**
Sales and other services				
Ultimate parent	-	-	6,000,000	-
Other related parties	1,313,169	891,047	17,978,380	13,338,922

Relationships

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

Dangote Industries Limited (DIL) performed certain administrative services for the Company for which a management fee of N194.5 million (2022: N130.6 million) was charged, being an appropriate allocation of costs incurred by relevant administrative departments.

The Company invested 6 billion in the Dangote Industries Ltd’s Commercial Paper, yielding a rate of 10% per annum over a tenure of 90 days. This investment aligns with our strategic objectives of diversifying our investment portfolio while providing stable returns and maximizing value for our stakeholders.

38. Related parties (continued)

	2023 N '000	2022 N '000
Compensation to directors		
Short-term employee benefits	188,555	153,253
	188,555	**153,253**
Directors fee and expenses		
Directors fees	5,500	5,500
Directors expenses	183,055	147,753
	188,555	**153,253**

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

N '000	**Number**	**Number**
1 — 20,000	8	8
20,001 — 30,000	2	2
	10	**10**

39. Commitments

The Company's total capital commitments as at 31 December 2023 amounted to N124.07 million in respect of Salt village store racks, water treatment plant and canteen project (2022: N113.91 million).

40. Contingent assets and Contingent liabilities

40.1 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, 2023 (2022 - 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.

40.2 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.

41. 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 2023 that have not been taken into account in these annual report and financial statements.

42. Approval of Annual report and financial statements

The Board of Directors approved the annual report and financial statements during its meeting of 27 February 2024.

Other National Disclosure - Value Added Statement

	2023 N '000	2023 %	2022 N '000	2022 %
Value Added				
Turnover	80,828,373		58,786,251	
Finance income	927,498		394,538	
Other operating income	194,305		124,293	
Other operating (loss)/gains	267,500		(794,555)	
- Local	(31,799,850)		(19,844,391)	
- Foreign	(21,956,742)		(24,663,235)	
Total Value Added	**28,461,084**	**100**	**14,002,901**	**100**
Value Distributed				
To Pay Employees				
Staff salaries and directors emoluments	3,953,500		2,534,587	
	3,953,500	**14**	**2,534,587**	**18**
To Pay Providers of Capital				
Finance costs	1,435,308		694,829	
	1,435,308	**5**	**694,829**	**5**
To Pay Government				
Income tax	6,580,496		3,135,588	
	6,580,496	**23**	**3,135,588**	**22**
To be retained in the business for expansion and future wealth creation:				
Depreciation	2,484,017		2,399,294	
Deferred tax	279,394		(230,645)	
	2,763,411	**10**	**2,168,649**	**15**
Value retained				
Retained profit	13,728,369		5,469,248	
	13,728,369	**48**	**5,469,248**	**39**
Total Value Distributed	**28,461,084**	**100**	**14,002,901**	**100**

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

Other National Disclosure - Five Year Financial Summary

	2023 N '000	2022 N '000	2021 N '000	2020 N '000	2019 N '000
Statement of Financial Position					
Assets					
Non-current assets	16,222,449	16,363,555	17,901,370	20,398,339	18,814,619
Current assets	67,369,542	39,167,216	22,620,028	23,910,652	19,854,173
Total assets	**83,591,991**	**55,530,771**	**40,521,398**	**44,308,991**	**38,668,792**
Liabilities					
Non-current liabilities	6,460,383	5,998,846	5,672,643	6,067,509	5,537,243
Current liabilities	49,659,750	30,489,559	20,218,075	25,521,662	18,742,264
Total liabilities	**56,120,133**	**36,488,405**	**25,890,718**	**31,589,171**	**24,279,507**
Equity					
Share capital and premium	1,758,756	1,758,756	1,758,756	1,758,756	1,758,756
Retained income	25,713,102	17,283,610	12,871,924	10,961,064	9,330,529
Total equity	**27,471,858**	**19,042,366**	**14,630,680**	**12,719,820**	**11,089,285**
Total equity and liabilities	**83,591,991**	**55,530,771**	**40,521,398**	**44,308,991**	**35,368,792**
Statement of Profit or Loss and Other Comprehensive Income					
Revenue	80,828,373	58,786,251	33,279,688	28,010,059	27,487,788
Cost of sales	(36,509,587)	(34,243,932)	(21,320,319)	(16,447,633)	(21,647,079)
Gross profit	**44,318,786**	**24,542,319**	**11,959,369**	**11,562,426**	**5,840,709**
Other income	194,305	124,293	52,271	19,895	12,804
Other operating (losses)/gains	267,500	(794,555)	1,782,837	580,237	(16,338)
Other operating expenses	(23,684,522)	(15,197,575)	(9,477,975)	(8,135,020)	(2,935,803)
Operating profit	**21,096,069**	**8,674,482**	**4,316,502**	**4,027,538**	**2,901,372**
Finance income	927,498	394,538	51,701	51,076	90,518
Finance costs	(1,435,308)	(694,829)	(130,160)	(171,898)	(222,811)
Profit before taxation	**20,588,259**	**8,374,191**	**4,238,043**	**3,906,716**	**2,769,079**
Taxation	(6,859,890)	(2,904,943)	(1,267,061)	(1,216,406)	(923,836)
Profit for the year	**13,728,369**	**5,469,248**	**2,970,982**	**2,690,310**	**1,845,243**
Retained income for the year	**13,728,369**	**5,469,248**	**2,970,982**	**2,690,310**	**1,845,243**