



NATIONAL SALT COMPANY OF NIG. PLC.  
RC 11364



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# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the ANNUAL GENERAL MEETING of NATIONAL SALT COMPANY OF NIGERIA PLC (NASCON) for the year 2013 will hold at the Agip Recital Hall, Muson Centre, Onikan, Lagos on Thursday, the 19th day of June, 2014 at 11.00 a.m. prompt to transact the following business:

## ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the year ended 31st December, 2013 along with the reports of the Directors and Audit Committee thereon.
2. To declare a Dividend.
3. To re-elect Directors.
4. To re-appoint the Auditors.
5. To authorize the Directors to fix the remuneration of the Auditors.
6. To appoint members of the Audit Committee.

## SPECIAL BUSINESS

7. To determine the remuneration of the Directors for the year ending 31st December, 2014.
8. To consider and if thought fit to pass the following as a Special Resolution.

“That in accordance with section 31(3) of the Companies and Allied Matters Act CAP 20 Laws of the Federation of Nigeria 2004, the name of the Company, National Salt Company of Nigeria Plc be, and is hereby changed to **NASCON INDUSTRIES plc.** and that Clause 1 of the Memorandum of Association of the Company be and is hereby amended accordingly to reflect the new name.”

## PROXY

A member of the Company entitled to attend and vote at the above meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. A proxy for an organization may vote on a show of hands and on a poll. For the appointment to be valid, a completed proxy form must be deposited at the registered office of the Company or with the Registrar not later than 48 hours before the time fixed for the meeting.

## DIVIDEND

The Board recommends for the approval of shareholders a payment of 90 kobo dividend per ordinary share of 50 kobo each, out of the profits declared in the financial year ended 31st December, 2013 and which will be subject to withholding tax at the appropriate rate.

## DIVIDEND WARRANTS

If approved, the dividend warrants will be posted on Tuesday, the 24th day of June, 2014 to shareholders whose names appear in the Company Register of Members at the close of business on Monday, the 9th day of June, 2014.

## NOTES

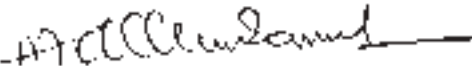
### 1. CLOSURE OF REGISTER AND TRANSFER BOOKS

**NOTICE IS HEREBY GIVEN** that the Register of Members and Transfer Books of the Company will be closed from Tuesday, the 10th day of June 2014 to Wednesday, the 11th day of June, 2014.

### 2. AUDIT COMMITTEE

In accordance with Section 359(5) of the Companies and Allied Matters Act CAP C20 LFN 2004, a nomination (in writing) by any member or shareholder for appointment to the Audit Committee should reach the Company Secretary at least 21 days before the Annual General Meeting. The Audit Committee comprises two shareholders and two Directors.

## BY ORDER OF THE BOARD



**A. A. SAMUEL**

*Company Secretary*

Dated this 19th day of May, 2014.

## National Salt Company of Nigeria Plc

DANGOTE GROUP  
Union Marble House  
1, Alfred Rewane Road,  
Falomo,  
Ikoyi, Lagos,  
Nigeria

## Directors, Officers and Professional Advisers

<b>DIRECTORS</b>	Alhaji Aliko Dangote (GCON) — <i>Chairman</i>
	Alhaji Sani Dangote — <i>Director</i>
	Halima Aliko Dangote — <i>Director</i>
	Mr. Ade Adeniji — <i>Managing Director</i>
	Mr. Suleiman Olarinde — <i>Director</i>
	Mr. Olakunle Alake — <i>Director</i>
	Mr. Knut Ulmvoen — <i>Director</i>
	Alhaji Abdu Dantata — <i>Director</i>
	Alhaji M. S. Ladan-Baki — <i>Director</i>
<b>COMPANY SECRETARY</b>	Adedayo A. Samuel
<b>REGISTERED OFFICE</b>	Salt City Ijoko-Ota Ogun State
<b>REGISTRAR AND TRANSFER OFFICE</b>	Meristem Registrars Ltd. 213, Herbert Macaulay Way Adekunle, Yaba Lagos Tel: 01-8920491-2 01-2809250-3 E-mail: info@meristemregistrars.com
<b>AUDITORS</b>	Akintola Williams Deloitte (Chartered Accountants) 235, Ikorodu Road Ilupeju, Lagos
<b>BANKERS</b>	Ecobank Plc Access Bank Plc UBA Plc Fidelity Bank Plc Mainstreet Bank Ltd. Sterling Bank Plc Zenith Bank Plc GTBank Plc

## Result at a Glance

	<b>2013</b> <b>N'000</b>	<b>2012</b> <b>N'000</b>
<b>PROFIT AND LOSS</b>		
Revenue	10,837,261	13,414,185
Profit before taxation	4,038,405	4,036,338
Taxation	(1,338,863)	(1,270,030)
Profit after taxation transferred to revenue reserve	2,699,542	2,766,308
Proposed final dividend	2,384,495	2,384,495
<hr/>		
<b>BALANCE SHEET</b>		
Share capital	1,324,719	1,324,719
Shareholders' funds	6,892,626	6,577,581
<hr/>		
<b>Per 50 kobo share data (kobo)</b>		
Earnings	102	104
Dividend	90	90

## Chairman's Statement



**Alhaji Aliko Dangote (GCON)**  
*Chairman*

*F*ellow Shareholders  
My Colleagues on the Board  
Members of the Audit Committee  
Representatives of the SEC, NSE, CAC  
and other regulators here present

Invited guests

Gentlemen of the Press

Distinguished Ladies and Gentlemen,

Welcome to the 2013 Annual General Meeting of our Company, National Salt Company of Nigeria Plc. I am happy to present to you the Annual Report and Financial Statements for the year ended 31 December, 2013. Before we review the year's numbers, allow me to provide you with a brief overview of the operating environment that influenced our performance in the year under review.

### 2013 PERFORMANCE

The global economy continued to exhibit signs of economic turbulence, which has negatively impacted business operations globally. The Nigerian economy was no exception, which invariably affected our Company's operations in the year under review.

We continued to face the usual challenges of the business environment. Northern security challenges and other issues such as high cost of energy, poor infrastructure, uncoordinated tax administration, amongst others, played a role in preventing the manufacturing sector in the country from reaching its full potential. Needless to say, your Company, NASCON was not exempted.

However, your Board and Management successfully overcame these difficulties and are therefore able to present the results below.

Ladies and Gentlemen, our Company posted a turnover of ₦10.8b, operating profit before tax of ₦4.0b, while our profit after tax was ₦2.7b. The turnover of the financial year under review reflects a decline in comparison to ₦13.4b posted in 2012 financial year.

This performance reflects the impact of the operating environment on our turnover and our response by way of measures and policies put in place to ensure our continued

profitability. We are however committed to the continued growth of the business and we are implementing policies that will ensure your Company remains competitive so as to deliver sustainable returns to all shareholders.

### NEW PRODUCT LINES

As promised in 2013 Annual General Meeting I am happy to announce to you that our Company entered Foods segment in March 2013 with DAN-Q cubes. We intend to re-enter the Tomato and Vegetable oil segments before the end of the year. This positive development necessitated the resolution put before you today to change the name of your Company from National Salt Company of Nigeria Plc to NASCON Industries PLC, which better reflects the portfolio of our activities into the years ahead.

### DIVIDEND

In line with our practice of rewarding our shareholders, the Board recommends for your consideration and approval, the payment of a dividend of ₦2.35 billion, representing 90 kobo for every 50 kobo ordinary share held.

### 2014 PROSPECTS

I am happy to say that our prospects for 2014 remain excellent and we wish to assure you that our commitment to maintaining our leadership in the Salt Industry is unflinching, regardless of our entry into other food segments.

We remain committed to improving our performance, and we will ensure your Company continues to grow and remain competitive, so as to deliver increasing returns to all stakeholders.

While we acknowledge that our entry into other segments have been delayed due to construction related complexities, we are certain that once they commence operations, NASCON's performance will be dramatically transformed.

### THE BOARD

Since the last Annual General Meeting there has been no changes in the Board composition. However, the Directors retiring by rotation will offer themselves for re-election during the course of this meeting.

### APPRECIATION

Ladies and Gentlemen, with the continued commitment of our Board, Management and Staff, the Company can only move to greater heights. On your behalf, I thank my colleagues on the Board, the Management and Staff for their unwavering support and exemplary work in the year 2013.

To our customers, our shareholders and other stakeholders, we also say thank you for your unwavering support and for the confidence you have reposed in us and our brands.

Distinguished shareholders, my colleagues on the Board, ladies and gentlemen, I thank you for your presence at this meeting as I look forward to your very active participation.

Thank you for listening.

**Alhaji Aliko Dangote (GCON)**  
*Chairman*



# BOARD OF DIRECTORS



**Alhaji Aliko Dangote (GCON)**  
*Chairman*



**Mr. Ade Adeniji**  
*MD/CEO*



**Halima A. Dangote**  
*Director*



**Mr. Suleiman Olarinde**  
*Director*



**Mr. Olakunle Alake**  
*Director*



**Alhaji Abdu Dantata**  
*Director*



**Alhaji Sani Dangote**  
*Director*



**Alhaji M.S. Ladan-Baki**  
*Director*



**Mr. Knut Ulmvoen**  
*Director*



# Report of the Directors

For the year ended 31 December 2013

## 1. ACCOUNTS

The Directors are pleased to submit their report together with the audited accounts of the Company for the year ended 31st December, 2013.

## 2. RESULT

	N'000
The Company's profit for the year after taxation was	2,699,542
Proposed final dividend for 2013	2,384,495

## 3. PRINCIPAL ACTIVITIES

The principal activities of the Company during the year include processing of raw salt into refined, edible and industrial salt.

## 4. LEGAL FORM

The Company was incorporated on the 30th April, 1973 as a public limited liability company. The shares are currently quoted on the Stock Exchange.

## 5. DIRECTORS AND DIRECTORS' INTERESTS

- The names of Directors who are currently in office are as follows:
  - Alhaji Aliko Dangote (GCON)
  - Alhaji Sani Dangote
  - Halima Aliko Dangote
  - Mr. Olakunle Alake
  - Mr. Knut Ulmvoen
  - Mr. Suleiman Olarinde
  - Alhaji Sada Ladan-Baki
  - Alhaji Abdu Dantata
  - Mr. Ade Adeniji (*Managing*)
- In accordance with the provisions of Section 259 of the Companies and Allied Matters Act, 1990, one-third of the Directors of the Company shall retire from office since their last election. In accordance with the provision of this section, Alhaji Aliko Dangote, Mr. S. O. Olarinde, Alhaji M. S. Ladan-Baki are retiring by rotation and being eligible, offer themselves for re-election.
- No Director has a service contract not determinable within five years.
- 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 275 of the Companies and Allied Matters Act, C20 Laws of the Federal Republic of Nigeria 2004, are as follows:

### DIRECTORS' SHAREHOLDING

		Number of 50k Shares held		
		As at Dec. 31, 2013	As at Dec. 31, 2012	As at Dec. 31, 2011
(a)	Alhaji Aliko Dangote (GCON)	—	74,004,503	74,004,503
(b)	Alhaji Sani Dangote	—	36,042,062	42,062
(c)	Mr. Olakunle Alake	—	4,170,000	4,170,000
(d)	Hajia Halima Aliko Dangote	—	—	—
(e)	Mr. Knut Ulmvoen	—	—	—
(f)	Mr. Suleiman Olarinde	—	—	—
(g)	Alhaji Sada Ladan-Baki	—	1,758,673	279,288
(h)	Alhaji Abdu Dantata	—	12,000,000	12,000,000
(i)	Mr. Ade Adeniji ( <i>Managing</i> )	—	—	—

# Report of the Directors

For the year ended 31 December 2013

## 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	1,324,720
2012	4,000,000	2,000,000					2,649,438	1,324,721

## 6. 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 and Allied Matters Act, C20 Laws of the Federation of Nigeria 2004.

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 is reasonably possible, safeguard the assets and prevent and detect fraud and other irregularities.

## 7. CORPORATE GOVERNANCE

- The Company is committed to the best practice 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 hold quarterly meetings to decide on policy matters and direct the affairs of the Company, review its performance, its operations, finance and formulate growth strategy. Attendance at Directors' meetings is impressive.

# Report of the Directors

For the year ended 31 December 2013

- In line with the provisions of Section 258(2) of the Companies and Allied Matters Act, Cap. C20 Laws of the Federation of Nigeria 2004, the record of Directors' attendance at Board Meetings is available for inspection at the Annual General Meeting.
- The remuneration of Executive Directors is fixed and reviewed by a committee of Non-Executive Directors.
- The Board of Directors consists of 9 members; a Chairman, Managing Director and 7 non-Executive Directors.
- Appointment to the Board is made by shareholders at the Annual General Meeting upon retirement.
- The Board, from time to time, routinely empowers committees to examine and deliberate on finance and establishment related issues.

## 8. SUBSTANTIAL INTEREST IN SHARES

The Registrar has advised that according to the Register of Members on 31st December 2013, only Dangote Industries Limited with 1,647,763,557 ordinary shares of 50k each held more than 5% of the issued share capital of the Company.

## 9. FIXED ASSETS

Movements in fixed assets during the year are shown in Note 14 to the Accounts. In the opinion of the Directors, the market value of the Company's properties is not less than the value shown in the Accounts.

## 10. POST BALANCE SHEET EVENTS

There were no significant developments since the balance sheet date which could have had a material effect on the state of affairs of the Company as at 31st December, 2013 and the profit for the year ended on that date, which have not been adequately recognized.

## 11. COMPANY DISTRIBUTORS

The Company's products are distributed by customers across the country.

## 12. SUPPLIERS

Company obtains its materials at arm's length basis from overseas and local suppliers. Amongst its main overseas and local suppliers are Salinor as well as Dangote Agrosacks Ltd.

## 13. ANALYSIS OF SHAREHOLDINGS

Analysis of shareholdings as at 31st December, 2013:

Range	No. of Holders	Per cent	Units	Per cent
1 — 1,000	19,849	57.93	8,008,152	0.30
1,001 — 5,000	6,529	19.06	16,334,590	0.62
5,001 — 10,000	2,443	7.13	17,410,585	0.66
10,001 — 50,000	3,965	11.57	85,627,311	3.23
50,001 — 100,000	695	2.03	51,231,920	1.93
100,001 — 500,000	591	1.72	123,568,876	4.66
500,001 — 1,000,000	82	0.24	58,197,552	2.20
1,000,001 — 5,000,000	83	0.24	164,302,231	6.20
5,000,001 — 10,000,000	11	0.03	78,195,642	2.95
10,000,001 and above	13	0.04	2,046,561,519	77.25
<b>Grand Total</b>	<b>34,261</b>	<b>100.00</b>	<b>2,649,438,378</b>	<b>100.00</b>

# Report of the Directors

For the year ended 31 December 2013

## 14. DONATIONS

### NASCON 2013 Donations and Sponsorships

S/N	Project	Amount N
1.	Donation to Presidential Committee on Flood and Rehabilitation	50,000,000
2.	Donation for the construction of officés for Nigeria Police Force Special Fraud Unit, Ikoyi	2,000,000
3.	Sponsorship of International Conference on Advancing Patient Safety in Nigeria	2,000,000

## 15. HUMAN RESOURCES

### 1. Employment and Employees

The Company has reviewed its employment policy in line with the needs of business. Careful recruiting is now the focus to ensure that potential high performers are attracted and retained.

### 2. Work Environment

The Company continuously strives to improve its operations to ensure a safe working environment. The Company maintains a high standard of hygiene in all its premises through sanitation practices and the regular fumigation exercises have been further strengthened by the installation of pest and rodent control gadgets. Safety and environment workshops have been organized for all employees with a broad focus on good house-keeping to ensure good and safe working environment.

### 3. Employee Development

Local and overseas training and development programmes have been organized to meet the needs of the Company's modernization and automation strategy implementation. The Company continues to place premium on its human capital development arising from the fact that this would ensure improved efficiency of the business and maintain a strategic advantage over competition.

## 16. AUDIT COMMITTEE

Pursuant to Section 359(3) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004, the Company has put in place an Audit Committee comprising two shareholders and two Directors as follows:

Mr. J. S. Ajibola	—	Shareholder/Chairman
Mr. Suleiman Olarinde	—	Director/Member
Mr. Metu Richard Anyanaso	—	Shareholder/Member
Alhaji Abdu Dantata	—	Director/Member

## 17. AUDITORS

Messrs Akintola Williams Deloitte (Chartered Accountants) have indicated their willingness to continue in office as the Company's Auditors in accordance with Section 357(2) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria, 2004. A resolution will be proposed authorizing the Directors to fix their remuneration.

### BY ORDER OF THE BOARD



### A. A. Samuel

Company Secretary

### DANGOTE GROUP

1, Alfred Rewane Road,  
Falomo, Ikoyi, Lagos  
Nigeria.

5 May, 2014

# Corporate Governance Report

National Salt Company of Nigeria Plc committed to best practice and procedures in corporate governance. Overseen by the Board of Directors, corporate governance practices are constantly under review, in line with dynamics of the business environment.

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

The Board delegates the day-to-day running of the Company's affairs to the Managing Director/Chief Executive Officer supported in this task by an Executive Management Committee. The Board currently consists of nine (9) members, the Chairman, Managing Director and seven (7) non-Executive Directors.

## RESPONSIBILITIES OF THE BOARD OF DIRECTORS

It is the responsibility of the Board of National Salt Company of Nigeria Plc to:

- Ensure that the Company's operations are conducted in a fair, honest and transparent manner that conforms to high ethical standards.
- 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 (NSE, CAC, SEC) 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.

## MEETING OF THE BOARD OF DIRECTORS

The Board of Directors holds several meetings a year to consider important corporate events and actions such as approval of Corporate Strategy, Annual Corporate Plan, review of internal risk management and control systems review performance and direct the affairs of the Company, its operations, finance and formulate growth strategies. It may however, convene a meeting if the need arises.

## RECORD OF DIRECTORS' MEETINGS

Attendance at Directors' meetings is impressive. In line with provisions of Section 258(2) of the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria 2004, the record of Directors attendance at Board meetings is available for inspection at the Annual General Meeting.

### Board Meetings for the Year 2013

No.	Name	13th Feb. 2013	25th April 2013	31st May 2013	6th June 2013	29th July 2013	8th Oct. 2013
1.	Alhaji Aliko Dangote (GCON)	✓	✓	✓	✓	✓	✓
2.	Alhaji Abdu Dantata	✓	✓	✓	✓	✓	✓
3.	Alhaji Sani Dangote	✓	×	✓	✓	✓	✓
4.	Mr. Olakunle Alake	✓	✓	✓	✓	✓	✓
5.	Mr. Ade Adeniji	✓	✓	✓	✓	✓	✓
6.	Alhaji Sada Ladan-Baki	✓	×	✓	✓	✓	✓
7.	Mr. Knut Ulvmoen	✓	✓	✓	✓	✓	✓
8.	Mr. Suleiman Olarinde	✓	✓	✓	✓	✓	✓
9.	Halima Aliko Dangote	✓	✓	✓	✓	✓	✓

# Corporate Governance Report

## SUBMISSION OF YEAR 2013 FINANCIAL STATEMENTS TO NIGERIAN STOCK EXCHANGE

The financial statements for the year ended 31 December, 2013 were submitted to the Nigerian Stock Exchange on the 19th May, 2014.

There was a delay in submission of Annual Report to the Nigerian Stock Exchange by 3 weeks and a penalty of ₦300,000 has been paid.

## SUB-COMMITTEES OF THE BOARD OF DIRECTORS

The Board delegated some of its responsibilities to standing committees that consists of Executive and non-Executive Directors. These are the Establishment & General Purpose and Finance Committees. The Committees report to the Board of Directors on their activities and decisions which are ratified by the full Board, at a meeting.

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

### The Finance Committee

The Committee is comprised of four (4) Directors, with an independent Director as Chairman. The Committee members are:

Mr. Olakunle Alake	—	<i>Chairman</i>
Alhaji Abdu Dantata	—	<i>Member</i>
Alhaji M. S. Ladan-Baki	—	<i>Member</i>
Mr. Ade Adeniji	—	<i>Member</i>

### Finance Committee Meetings 2013

No.	Name	12th Feb. 2013	24th April 2013	27th May 2013	29th July 2013	8th October 2013
1.	Mr. Olakunle Alake	✓	✓	✓	✓	✓
2.	Alhaji Abdu Dantata	✓	✓	✓	✓	✓
3.	Mr. Ade Adeniji	✓	✓	✓	✓	✓
4.	Alhaji Sada Ladan-Baki	✓	✓	✓	✓	✓

The Committee held five meetings in the year and is responsible for:

- Assessment and monitoring of all risks associated with the operations of the Company.
- Development and monitoring of the implementation of Internal Control System by Management.
- Assisting the Board in its responsibility relating to the oversight of the Company's financial credit and risk management policies and procedures.

### The Establishment & General Purpose Committee

Mr. Knut Ulvmoen	—	<i>Chairman</i>
Mr. Suleiman O. Olarinde	—	<i>Member</i>
Mr. Ade Adeniji	—	<i>Member</i>
Halima Aliko Dangote	—	<i>Member</i>

### Establishment Committee Meetings 2013

No.	Name	12th Feb. 2013	24th April 2013	9th May 2013	29th July 2013	29th Oct. 2013
1.	Mr. Knut Ulvmoen	✓	✓	✓	✓	✓
2.	Mr. Suleiman O. Olarinde	✓	✓	✓	✓	✓
3.	Mr. Ade Adeniji	✓	✓	✓	✓	✓
4.	Halima Aliko-Dangote	✓	✓	✓	✓	✓

# Corporate Governance Report

The Committee held five meetings in the year and is responsible for:

- Reviewing of the policy framework for employees' and remuneration issues.
- Making recommendation to the Board on all new Board appointments.

Apart from the Board Standing Committees, the Audit Committee also plays an important role in the Company.

## The Audit Committee

The Audit Committee is made up of four (4) members, two representatives of Shareholders and two (2) members of the Board of Directors. Members of the Audit Committee are elected annually at General Meetings. The Committee in compliance to the requirement of corporate governance practice is chaired by a representative of the Shareholders.

The Committee met four times within the year

Members of the Committee are:

Mr. J. S. Ajibola	—	<i>Chairman/Shareholder Representative</i>
Mr. Metu Richard Anyanaso	—	<i>Shareholder Representative</i>
Alhaji Abdu Dantata	—	<i>Director</i>
Mr. Suleiman O. Olarinde	—	<i>Director</i>

## Audit Committee Meetings 2013

No.	Name	26th April 2013	26th June 2013	31st July 2013	31st October 2013
1.	Mr. J. S. Ajibola	✓	✓	✓	✓
2.	Mr. Richard Metu	✓	✓	✓	✓
3.	Alhaji Abdu Dantata	✓	✓	✓	✓
4.	Mr. Suleiman Olarinde	✓	✓	✓	✓

The Committee is responsible for:

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

In addition to the above stated responsibilities, the Committee carries out all such other functions as stipulated by the Companies and Allied Matters Act, Cap C20 Laws of the Federation of Nigeria.

# Report of the Audit Committee

## TO THE MEMBERS OF NATIONAL SALT COMPANY OF NIG. PLC

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act, 1990, we have examined the Auditors' report for the year ended 31st December 2013. 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 on Management matters, we are satisfied with Management's response therein.



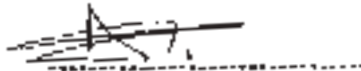
**Mr. J. S. Ajibola**  
*Chairman, Audit Committee*

### Members of the Committee

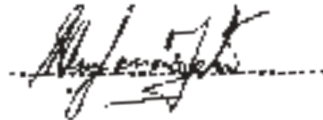
Alhaji Suleiman Olarinde



Alhaji Abdu Dantata



Mr. Metu Richard Ayanaso





# Statement of Management's Responsibilities for the Preparation and Approval of the Financial Statements

For the year ended 31 December 2013

The Directors of National Salt Company of Nigeria are responsible for the preparation of the financial statements that present fairly the financial position of the Company as at 31 December 2013, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS").

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

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users understand the impact of particular transactions and conditions on the Group's financial position and financial performance; and
- making an assessment of the Group'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 enable them to ensure that the financial statements of the Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Company; and preventing and detecting fraud and other irregularities.

The financial statements of the Company for the year ended 31 December 2013 were approved by management on 29 April, 2014.

**Signed on behalf of management of the Company**



**Chief Executive Officer**

**FRC No:** FRC/2013/ICAN/00000002245

5 May, 2014



**Chief Financial Officer**

**FRC No:** FRC/2013/ICAN/00000002246

5 May, 2014



**Chairman**

**FRC No:** FRC/2013/IODN/00000001766

5 May, 2014

## Report of the Independent Auditors

### TO THE MEMBERS OF NATIONAL SALT COMPANY OF NIGERIA PLC

#### Report on the Financial Statements

We have audited the accompanying financial statements of National Salt Company of Nigeria Plc, which comprise the statements of financial position as at 31 December 2013, the income statement, statement of changes in equity, cash flows statement for the year ended 31 December 2013, a summary of significant accounting policies and other explanatory notes as set out on pages 17 to 54.

#### Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with the Companies and Allied Matters Act, CAP C20, LFN 2004, the Financial Reporting Council of Nigeria Act, No. 6, 2011, the International Financial Reporting Standards and for such internal control as the Directors determine are necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

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

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of National Salt Company of Nigeria Plc, as at 31 December 2013 and of its financial performance and cash flows for the year then ended. The Company has kept proper books of account, which are in agreement with the financial statements in the manner required by the Companies and Allied Matters Act, CAP C20, LFN 2004, the Financial Reporting Council of Nigeria Act, No. 6, 2011 and the International Financial Reporting Standards.



**Uche Erobu, FCA – FRC/2013/ICAN/00000000871**

for: **Akintola Williams Deloitte**

**Chartered Accountants**

**Lagos, Nigeria**

**16 May, 2014**

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# Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2013

	Note	31/12/13 N'000	31/12/12 N'000 (restated)
<b>Continuing operations</b>			
Revenue	5	10,837,261	13,414,185
Cost of sales	6	(6,244,155)	(8,323,191)
Gross profit		4,593,106	5,090,994
Investment income	7	230,136	268,490
Other income	8	228,341	415
Distribution expenses		(71,432)	(245,012)
Administrative expenses	9	(933,429)	(1,070,604)
Finance cost	10	(8,317)	(7,947)
Profit before tax		4,038,405	4,036,336
Income tax expense	11.1	(1,338,863)	(1,270,030)
Profit for the year from continuing operations		<u>2,699,542</u>	<u>2,766,306</u>
<b>Discontinued operation</b>			
<b>Other comprehensive income</b>			
Actuarial gains (net of tax)	11.4	—	1,407
Total comprehensive income for the year		<u><u>2,699,542</u></u>	<u><u>2,767,713</u></u>
<b>Earnings per share</b>			
Basic (kobo per share)	13	<u><u>1.02</u></u>	<u><u>1.04</u></u>

# Statement of Financial Position

As at 31 December 2013

	Note	31/12/13 N'000	31/12/12 N'000 (restated)
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	5,749,056	3,642,573
Other assets	15	—	23,888
Total non-current assets		<u>5,749,056</u>	<u>3,666,461</u>
<b>Current assets</b>			
Inventories	16	815,483	910,321
Trade and other receivables	17	1,119,395	613,608
Other assets	15	753,560	40,945
Cash and bank balances	18	1,192,879	4,066,082
Due from related parties	25	1,800,795	1,392,127
Total current assets		<u>5,682,111</u>	<u>7,023,083</u>
<b>Total assets</b>		<b><u>11,431,167</u></b>	<b><u>10,689,544</u></b>
<b>Equity and liabilities</b>			
<b>Capital and reserves</b>			
Share capital	19	1,324,719	1,324,719
Share premium	20	434,037	434,037
Retained earnings	21	5,133,870	4,818,823
Total equity		<u>6,892,626</u>	<u>6,577,579</u>
<b>Non-current liabilities</b>			
Borrowings	22	38,570	38,570
Retirement benefit obligation	23	340,373	516,267
Deferred tax liabilities	11.7	352,882	180,002
Total non-current liabilities		<u>731,825</u>	<u>734,839</u>
<b>Current liabilities</b>			
Bank overdraft	18	5,236	5,236
Trade and other payables	24	1,247,559	1,641,007
Due to related parties	25	1,390,593	281,136
Current tax liabilities	11.6	1,163,328	1,449,747
Total current liabilities		<u>3,806,716</u>	<u>3,377,126</u>
<b>Total liabilities</b>		<b><u>4,538,541</u></b>	<b><u>4,111,965</u></b>
<b>Total equity and liabilities</b>		<b><u>11,431,167</u></b>	<b><u>10,689,544</u></b>

These financial statements were approved by the Board of Directors and authorised for issue on date and signed on its behalf by:



**Chief Executive Officer**

FRC No: FRC/2013/ICAN/00000002245

5 May, 2014



**Chief Financial Officer**

FRC No: FRC/2013/ICAN/00000002246

5 May, 2014



**Chairman**

FRC No: FRC/2013/IODN/00000001766

5 May, 2014

The notes on pages 21 to 52 and statements on pages 17 to 20 form an integral part of these financial statements.

## Statement of Changes in Equity

For the year ended 31 December 2013

	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Retained earnings N'000	Total equity N'000
<b>Balance at 1 January 2012</b>	1,324,719	434,037	—	3,905,800	5,664,556
	1,324,719	434,037	—	3,905,800	5,664,556
Profit for the period	—	—	—	2,766,223	2,766,223
Other comprehensive income	—	—	—	1,407	1,407
Payment of dividends	—	—	—	(1,854,607)	(1,854,607)
<b>Balance at 31 December 2012</b>	<b>1,324,719</b>	<b>434,037</b>	<b>—</b>	<b>4,818,823</b>	<b>6,577,579</b>
Profit for the year	—	—	—	2,699,542	2,699,542
Other comprehensive income for the year (net of tax)	—	—	—	—	—
Total comprehensive income	—	—	—	2,699,542	2,699,542
Payment of dividends	—	—	—	(2,384,495)	(2,384,495)
<b>Balance at 31 December 2013</b>	<b>1,324,719</b>	<b>434,037</b>	<b>—</b>	<b>5,133,870</b>	<b>6,892,626</b>

## Statement of Cash Flows

For the year ended 31 December 2013

	Note	2013 N'000	2012 N'000
<b>Cash flows from operating activities</b>			
Cash receipts from customers		11,003,505	13,509,492
Cash paid to suppliers and employees		(7,681,561)	(9,452,397)
		<u>3,321,944</u>	<u>4,057,095</u>
Value added tax paid		12,357	12,357
Tax paid		(1,452,402)	(829,433)
Net cash generated from operating activities	26	<u>1,881,899</u>	<u>3,240,019</u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(2,594,791)	(1,012,055)
Proceeds from sale of property, plant and equipment		2,365	—
Interest received		230,136	203,250
Net cash used in investing activities		<u>(2,362,290)</u>	<u>(808,805)</u>
<b>Cash flows from financing activities</b>			
Dividend paid		(2,384,495)	(1,854,607)
Interest paid		(8,317)	(7,947)
Net cash used in financing activities		<u>(2,392,812)</u>	<u>(1,862,554)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<u>(2,873,203)</u>	<u>568,660</u>
<b>Cash and cash equivalents at 1 January</b>		<u><b>4,060,846</b></u>	<u><b>3,492,186</b></u>
<b>Cash and cash equivalents at 31 December</b>	18	<u><b>1,187,643</b></u>	<u><b>4,060,846</b></u>

# Notes to the Financial Statements

For the year ended 31 December 2013

## 1. GENERAL INFORMATION

National Salt Company of Nigeria Plc was incorporated in Nigeria as a limited liability company on 30 April 1973. It was fully privatized in April, 1982 and became listed on the Nigerian Stock Exchange on 20 October, 1992. At a general meeting held on 29 September 2006, the shareholders approved the acquisition of the assets, liabilities and business undertakings of Dangote Salt Limited and the issue and allotment of additional NASCON PLC shares as the purchase consideration. The major shareholder of the Company is Dangote Industries Limited that owns about 63.69% of the issued share capital, while the remaining 36.31% is held by the Nigerian public.

The ultimate controlling party is Alhaji Aliko Dangote.

The registered address of the Company is located at 15b Ikosi Road, Oregun, Ojota Lagos.

### 1.1 The principal activity

The principal activity of the Company is refining and sale of edible, refined, bulk and industrial salt. The Company's products are sold through distributors across the country.

### 1.2 Financial period

These financial statements cover the financial period from 1 January 2012 to 31 December 2012 with comparatives for the year ended 31 December 2011 and a statement of opening position as at 1 January 2011, the date of transition to IFRS.

### 1.3 Going concern status

The Company has consistently been making profits. 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 financial statements are prepared on a going concern basis.

### 1.4 Operating environment

Emerging markets such as Nigeria are subject to different risks than more developed markets, including economic, political, social, and legal legislative risks. As has happened in the past, actual or perceived financial problems or an increase in the perceived risks associated with investing in emerging economies could adversely affect the investment climate in Nigeria and the country's economy in general. The global financial system continues to exhibit signs of deep stress and many economies around the world are experiencing lesser or no growth than in prior years. These conditions could slow or disrupt Nigeria's economy, adversely affecting the Company's access to capital and cost of capital for the Company and more generally, its business, results of operation, financial condition and prospects.

Because Nigeria produces and exports large volumes of oil, Nigeria's economy is particularly sensitive to the price of oil on the world market which has fluctuated significantly during 2012 and 2011.

## 2. ADOPTION OF NEW AND REVISED IFRS STANDARDS

### 2.1 Accounting standards and interpretations issued but not effective

The following revisions to accounting standards and pronouncements that are applicable to the Company were issued but are not yet effective. Where IFRSs and IFRIC Interpretations listed below permits early adoption, the Company has elected not to apply them in the preparation of these financial statements.

# Notes to the Financial Statements

For the year ended 31 December 2013

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the Company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

Pronouncement	Nature of change	Required to be implemented for periods beginning on or after
Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	The amendment reduces the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique.	Applicable to annual periods beginning on or after 1 January 2014
<i>Novation of Derivatives and Continuation of Hedge Accounting</i> (Amendments to IAS 39)	Amends IAS 39 Financial Instruments: Recognition and Measurement make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.	Applicable to annual periods beginning on or after 1 January 2014
<i>IFRS 9 (2010)</i>	A revised version of IFRS 9 incorporating revised requirements for the classification and measurement of financial liabilities, and carrying over the existing derecognition requirements from IAS 39 <i>Financial Instruments: Recognition and Measurement</i> .	Applies to annual periods beginning on or after 1 January 2015
<i>Offsetting Financial Assets and Financial Liabilities</i> (Amendments to IAS 32)	The amendments clarify certain aspects because of diversity in application of the requirements on offsetting, focused on four main areas: the meaning of 'currently has a legally enforceable right of set-off, the application of simultaneous realisation and settlement, the offsetting of collateral amounts and the unit of account for applying the offsetting requirements.	Applicable to annual periods beginning on or after 1 January 2014
<i>Investment Entities</i> (Amendments to IFRS 10, IFRS 12 and /AS 27)	The amendments provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. Require additional disclosure about why the entity is considered an investment entity, details of the entity's unconsolidated subsidiaries, and the nature of relationship and certain transactions between the investment entity and its subsidiaries. Require an investment entity to account for its investment in a relevant subsidiary in the same way in its consolidated and separate financial statements (or to only provide separate financial statements if all subsidiaries are unconsolidated.	Applicable to annual periods beginning on or after 1 January 2014
IFRIC 21 Levies	Provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The liability is recognised progressively if the obligating event occurs over a period of time. If an obligation is triggered on reaching a minimum threshold, the liability is recognised when that minimum threshold is reached.	Applies to annual periods beginning on or after 1 January 2014



# Notes to the Financial Statements

For the year ended 31 December 2013

## 3. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 3.1 Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

### 3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

### 3.3 Functional and presentation currency

These 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.

### 3.4 Revenue recognition

Revenue is derived principally from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and any estimated customer returns. Sales are stated at their invoiced amount which is net of value added taxes and discounts.

#### *Sale of goods*

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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.

### 3.5 Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

### 3.6 Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each

# Notes to the Financial Statements

For the year ended 31 December 2013

reporting period. Actuarial gains and losses are recognised immediately in the statement of other comprehensive income. Past service cost is recognised immediately in the profit and loss account to the extent that the benefits are already vested, and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the statements of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of plan assets, (if any). Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reductions in future contributions to the plan.

## 3.7 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 comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) using statutory tax rates at the reporting sheet date. Education tax is assessed at 2% of the assessable profits.

### **Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current

# Notes to the Financial Statements

For the year ended 31 December 2013

and deferred tax are recognised in other comprehensive income or directly in equity respectively. Where current tax and deferred tax arise from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## 3.8 Property, plant and equipment

### (i) *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. Fixed 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 comprehensive income.

### (ii) *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.

### *Depreciation*

Depreciation is calculated on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its 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 periods are as follows:

- Buildings — 50 years (2%)
- Plant and Machinery — 15 years (6.67%)
- Motor Vehicles — 4 years (25%)
- Computer Equipment — 3 years (33.3%)
- Tools and Equipment — 4 years (25%)
- Furniture and Equipment — 5 years (20%)

# Notes to the Financial Statements

For the year ended 31 December 2013

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

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

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

## 3.9 Leases

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

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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

Where there are no agreed lease terms, rent payable is recognised as incurred.

## 3.10 Intangible assets

### ***Intangible assets acquired separately***

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

### ***Derecognition of intangible assets***

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognized.

# Notes to the Financial Statements

For the year ended 31 December 2013

## 3.11 Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## 3.12 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of engineering spares and consumable stock is determined on a weighted average basis. Cost of other stock (raw materials, packaging materials, work-in-progress and finished goods) is determined on the basis of standard costs adjusted for variances. Standard costs are periodically reviewed to approximate actual costs.

Goods-in-transit are valued at the invoice price. Cost of inventory includes purchase cost, conversion cost (materials, labour and overhead) and other costs incurred to bring inventory to its present location and condition. Finished goods, which include direct labour and factory overheads, are valued at standard cost adjusted at year-end on an actual cost basis.

Costs, including an appropriate portion of fixed and variable overhead expenses, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on an average cost basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

## 3.13 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation when the time value of money is material.

# Notes to the Financial Statements

For the year ended 31 December 2013

The amount recognised as a provision is the best estimate of the consideration required to settle the present 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.

When some or all of the economic benefits required to settle a provision are 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.

## 3.13.1 Onerous contracts

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

## 3.13.2 Environmental costs

Costs incurred that result in future economic benefits, such as extending useful lives, increasing capacity or safety, and those costs incurred to mitigate or prevent future environmental contamination are capitalized. When the Company's management determines that it is probable that a liability for environmental costs exists and that its resolution will result in an outflow of resources, an estimate of the future remediation cost is recorded as a provision without contingent insurance recoveries being offset (only virtually certain insurance recoveries are recognized as an asset on the statement of financial position). When we do not have a reliable reversal time schedule or when the effect of the passage of time is not significant, the provision is calculated based on undiscounted cash flows.

Environmental costs, which are not included above, are expensed as incurred.

## 3.14 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

### *Financial assets*

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular 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 market place. The Company's financial assets comprise loans and receivables.

# Notes to the Financial Statements

For the year ended 31 December 2013

## ***Effective interest method***

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on 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 debt instrument, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

## ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including trade and other receivables) are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

## ***Impairment of financial assets***

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all categories of financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it is becoming probable that the owner will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with a default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

# Notes to the Financial Statements

For the year ended 31 December 2013

## ***Derecognition of financial assets***

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

### **3.15 Cash and cash equivalents**

Cash and cash equivalents consist of cash, highly liquid investments and cash equivalents which are not subject to significant changes in value and with an original maturity date of generally less than three months from the time of purchase.

### **3.16 Financial liabilities and equity instruments issued by the Company**

#### ***Classification as debt or equity***

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

#### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

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

#### ***Financial liabilities***

Financial liabilities are classified as either financial liabilities at fair value through P&L (FVTPL) or other liabilities.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

it has been acquired principally for the purpose of repurchasing it in the near term or on initial recognition, it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit taking; or it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided on that basis; or it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.



# Notes to the Financial Statements

For the year ended 31 December 2013

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item.

## **Other financial liabilities**

Other financial liabilities (including borrowings and trade and other payables) 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 estimates 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 net carrying amount on initial recognition.

## **Derecognition of financial liabilities**

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

### **3.17 Earnings per share**

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held, if any. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, if any, for the effects of all dilutive potential ordinary shares.

### **3.18 Foreign currency transactions and translation**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Naira, which is the Company's functional and presentation currency.

#### **3.18a Foreign currency transactions and translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the transaction date and are not restated.

Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the functional currency at foreign exchange rates prevailing at the dates the fair value was determined and are not restated.

### **3.19 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their

# Notes to the Financial Statements

For the year ended 31 December 2013

intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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 in profit or loss in the period in which they are incurred.

## 3.20 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit and loss in the period in which they become receivable.

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

## 3.21 Segment information

Information reported to the chief operating decision maker of the Company for the purposes of resource allocation and assessment of segment performance focuses on its sole product, refined salt.

Hence, no segment reporting has been provided in the financial statements as the Company is solely involved in the refining and sale of only one product-refined salt and this is refined solely from one geographical location, its Apapa factory.

## 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's significant accounting policies, described in Note 3, 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 ongoing 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.

### 4.1 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.

# Notes to the Financial Statements

For the year ended 31 December 2013

## 4.2 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.

## 4.3 Allowance for credit losses

The Company periodically assesses its trade receivables for probability of credit losses. Management considers several factors including past credit record, current financial position and credibility of management, judgment is exercised in determining the allowances made for credit losses.

Provisions are made for receivables that have been outstanding for 365 days, in respect of which there is no firm commitment to pay by the customer.

Furthermore all balances are reviewed for evidence of impairment and provided against once recovery is doubtful. These assessments are subjective and involve a significant element of judgment by management on the ultimate recoverability of amounts receivable.

## 5. REVENUE

The following is the analysis of the entity's revenue for the year from continuing operations (excluding investment income — see Note 7).

	2013 N'000	2012 N'000
Revenue from sale of edible/industrial salt	9,471,596	12,144,691
Freight income	1,365,665	1,269,494
	<b>10,837,261</b>	<b>13,414,185</b>

5.1 The amount represents revenue realised during the year on the sale of edible, refined, bulk and industrial salt.

### 5.2 Information about major customers

The following customers constitute the major customers of NASCON:

Alh Sani Adamu Trader

Alh Ali Balarabe Musa

West African Popular Food

Alh Sabo Dankoli

Alh Salisu Sambajo

None of the customers above contributed up to 10% of the total revenue earned in the year.

5.3 The Company provides a freight services to customers by transporting refined salt purchased to their destination. Freight income represents revenue earned in respect of this during the year. The associated cost of running the freight services is rendered in cost of sales.

# Notes to the Financial Statements

For the year ended 31 December 2013

## 5.4 Geographical information

Information reported to the chief operating decision maker (the Managing Director) for the purposes of resource allocation and assessment of segment performance is based on the entity as a whole as there is no other distinguishable component of the entity that engages in business activities from which it earns revenues and incurs expenses whose operating results are regularly reviewed by the Managing Director to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available.

The Company's revenue from external customers by region of operations is listed below:

	<b>31/12/2013</b>	<b>31/12/2012</b>
East	1,294,696	2,012,128
West	6,124,768	4,024,256
North	3,417,797	7,377,801
	<b><u>10,837,261</u></b>	<b><u>13,414,185</u></b>

### 5.4.1 Distributors

The Company sells iodized salt directly to distributors who redistribute to small wholesalers, confectioners, supermarkets and retailers. Retail packs come in various sizes 250g, 500g and 1kg and are sold under the brand name DANGOTE REFINED SALT.

Sales to distributors account for 80% of the Company's sales.

	<b>2013</b> <b>N'000</b>	<b>2012</b> <b>N'000</b>
<b>6. COST OF SALES</b>		
Direct material cost	2,544,588	4,296,126
Direct labour cost	528,581	520,374
Direct overhead	1,117,598	1,453,554
External haulage	1,185,905	1,215,284
Depreciation	460,352	512,556
Carriage	348,147	264,740
Loading	58,984	60,557
	<b><u>6,244,155</u></b>	<b><u>8,323,191</u></b>
<b>7. INVESTMENT INCOME</b>		
<b>Rental income:</b>		
Otta premises	—	65,240
<b>Interest income:</b>		
Bank deposits	2,622	489
Fixed deposits	101,056	37,630
Commercial paper	126,458	165,131
	<b><u>230,136</u></b>	<b><u>268,490</u></b>

7.1 Rental income relates to income earned from DIL Logistics with respect to warehouse services rendered to them. DIL Logistics uses the NASCON Otta warehouse in keeping custody of its trucks.

7.2 The interest income on bank deposits was earned at an average rate of 10% per annum.

# Notes to the Financial Statements

For the year ended 31 December 2013

	Note	2013 N'000	2012 N'000
<b>8. OTHER INCOME</b>			
Sundry income		19,975	415
Credits no longer required	9.1	21,910	—
Provision no longer required			
— Gratuity	24.5	155,000	—
— Customers bonus	9.2	31,456	—
		<b>228,341</b>	<b>415</b>
8.1	Credits no longer required relate to credit balances in some depots dated since 2005 which are no longer required hence, recognised as income in the year.		
8.2	Provision no longer required on customers' bonus relates to provision made in previous years for customers as a performance incentive which were no longer required as customers performances in subsequent year do not meet the required criteria.		
<b>9. ADMINISTRATIVE EXPENSES</b>			
		<b>2013 N'000</b>	<b>2012 N'000</b>
Directors' remuneration		59,642	43,083
Salaries and related staff costs		242,842	390,880
Management fee		223,742	283,190
Depreciation		43,354	33,919
Donation		54,000	—
Impairment loss		37,812	56,675
Utilities		88,213	37,494
Computer supplies and maintenance		40,597	59,585
Transport, travelling and accommodation		72,751	61,559
AGM expenses		29,430	26,370
Audit fee		14,500	13,000
Legal and professional fees		26,547	34,436
Others		—	30,412
		<b>933,429</b>	<b>1,070,604</b>
<b>10. FINANCE COST</b>			
Bank charges		8,317	7,947
		<b>8,317</b>	<b>7,947</b>

# Notes to the Financial Statements

For the year ended 31 December 2013

	31 Dec 2013 N'000	31 Dec 2012 N'000
<b>11. TAXATION</b>		
<b>11.1 Income tax recognised in profit or loss</b>		
<b>Current tax</b>		
Current tax expense	1,073,755	1,352,584
Education tax	89,573	97,163
Adjustment for prior periods	2,655	—
	<u>1,165,983</u>	<u>1,449,747</u>
<b>Deferred tax</b>		
Deferred tax expense	172,880	(179,717)
<b>Total income tax recognised in current year</b>	<u><b>1,338,863</b></u>	<u><b>1,270,030</b></u>
<p>The tax rates used in the above comparative figures are the corporate tax rate of 30% payable by corporate entities in Nigeria. Education tax rate of 2% is also payable.</p>		
<b>11.2</b>	The income tax expense for the year can be reconciled to the accounting profit as follows:	
	<b>31 Dec 2013 N'000</b>	<b>31 Dec 2012 N'000</b>
Profit before tax from continuing operations	4,038,405	4,036,338
Income tax expense calculated at 30% (2011: 30%)	1,212,272	1,211,522
Education tax assessable at 2% of assessable profit	89,573	97,155
Effect of expenses that are not deductible in determining taxable profit	22,176	39,994
Effect of concessions (research and development and other allowances)	(2,894)	(4,122)
Effect of profit on actuarial revaluation recognised in other comprehensive income	—	541
Un-booked difference	(6,528)	—
Adjustments recognised in the current year in relation to the deferred tax of prior years	24,111	—
Adjustments recognised in the current year in relation to the current tax of prior years	2,655	(73,978)
Income tax expense recognised in profit and loss (relating to continuing operations)	<u>1,338,864</u>	<u>1,270,030</u>
<b>11.3 Income tax recognised in other comprehensive income</b>		
Current tax	—	—
Actuarial gains (see Note 11.4)	—	662
	<u>—</u>	<u>662</u>
<b>11.4 Analysis of actuarial gain during the year</b>		
Gross gain	—	2,069
Deferred tax charge	—	(662)
	<u>—</u>	<u>1,407</u>
<b>11.5 Current tax assets and liabilities</b>		
Income tax payable	1,165,983	1,449,747
	<u>1,165,983</u>	<u>1,449,747</u>

# Notes to the Financial Statements

For the year ended 31 December 2013

## 11.6 Current tax liabilities in the statement of financial position

	31 Dec 2013 N'000	31 Dec 2012 N'000
Balance, beginning of the year	1,449,747	858,349
Charge for the year	1,165,983	1,449,747
Payment made during the year	(1,452,402)	(829,433)
Under/(over provision) in prior year	—	(28,916)
<b>Balance, end of the year</b>	<b><u>1,163,328</u></b>	<b><u>1,449,747</u></b>
<b>11.7 Movement in deferred tax payable account</b>		
Balance, beginning of the year	180,002	359,057
Charge/(write-back) for the year	172,880	(179,055)
<b>Balance, end of year</b>	<b><u>352,882</u></b>	<b><u>180,002</u></b>

Deferred tax as at 31 December 2013 was as a result of differences between the rates of depreciation adopted for accounting purposes and the rates of capital allowances granted for tax purposes.

The following are the major deferred tax liabilities and assets recognised by the Company and movements therein during the current and prior reporting period.

## 11.8 Analysis of deferred tax is made up of

	Opening balance N'000	Recognized in profit or loss N'000	Recognized in other comprehensive income N'000	Closing balance N'000
<b>31/12/2013</b>				
<b>Deferred tax asset or liability in relation to:</b>				
Property, plant and equipment	583,133	135,908	—	719,041
Allowance for doubtful debt	(249,600)	4,727	—	(244,873)
Provisions for employee benefit	(136,894)	34,782	—	(102,112)
Provision for obsolete spares	(16,637)	(2,537)	—	(19,174)
	<b><u>180,002</u></b>	<b><u>172,880</u></b>	<b><u>—</u></b>	<b><u>352,882</u></b>
<b>31/12/2012</b>				
<b>Deferred tax asset or liability in relation to:</b>				
Property, plant and equipment	583,133	—	—	583,133
Allowance for doubtful debt	(249,600)	—	—	(249,600)
Provisions for employee benefit	(136,894)	—	—	(136,894)
Provision for obsolete spares	(16,637)	—	—	(16,637)
	<b><u>180,002</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>180,002</u></b>

Deferred tax assets and liabilities are offset where the Company has a legally enforceable right to do so. The balance above is the deferred tax balances (after offset) for financial reporting purposes.

# Notes to the Financial Statements

For the year ended 31 December 2013

	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<b>12. PROFIT BEFORE TAX</b>		
Profit for the year before tax has been arrived at after charging/(crediting) the following:		
Depreciation expense	503,705	548,127
Impairment loss recognised on trade receivables	24,572	44,469
Management fees	223,742	283,190
Directors' remuneration	43,083	43,083
Staff cost	223,228	262,556
Gratuity scheme — current service cost	—	90,337
Auditors' remuneration	14,500	13,000
Legal and professional fees	26,547	34,436
Provision for bad and doubtful debts	13,240	56,675
	<u>          </u>	<u>          </u>
	<b>2013 kobo per share</b>	<b>2012 kobo per share</b>
<b>13. EARNINGS PER SHARE</b>		
Profit for the year attributable to the owners of the Company	2,699,542	2,766,306
Earnings used in the calculation of basic earnings per share	2,699,542	2,766,306
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>2,649,438</u>	<u>2,649,438</u>
<b>Basic and diluted earnings per share</b>		
From continuing operations	<u>1.02</u>	<u>1.04</u>



## Notes to the Financial Statements

For the year ended 31 December 2013

### 14. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building N'000	Plant and machinery N'000	Tools and equipment N'000	Motor vehicles N'000	Computer equipment N'000	Furniture and fittings N'000	Capital work-in- progress N'000	Total N'000
<b>COST</b>								
<b>Balance at 1 January 2013</b>	414,811	1,852,905	11,693	1,815,636	35,831	50,398	1,302,802	5,484,076
Additions during the year	17,044	90,739	9,099	761,468	7,161	6,397	1,702,883	2,594,791
Disposal	—	—	—	(4,935)	—	—	—	(4,935)
Transfer	12,058	5,718	—	—	—	—	(17,777)	—
Adjustment	(36,93)	59,657	—	(2,810)	381	(1,199)	(849)	18,217
<b>Balance at 31 December 2013</b>	<b>406,950</b>	<b>2,009,019</b>	<b>20,792</b>	<b>2,569,359</b>	<b>43,373</b>	<b>55,596</b>	<b>2,987,059</b>	<b>8,092,149</b>
<b>Accumulated depreciation</b>								
Balance at 1 January 2013	84,213	552,253	9,914	1,127,924	27,929	39,270	—	1,841,503
Adjustment	(39,492)	46,656	(147)	(5,142)	371	(1,791)	—	455
Disposal	—	—	—	(2,570)	—	—	—	(2,570)
Depreciation expense	8,000	133,389	1,883	350,981	5,031	4,421	—	503,705
<b>Balance at 31 December 2013</b>	<b>52,721</b>	<b>732,298</b>	<b>11,650</b>	<b>1,471,193</b>	<b>33,331</b>	<b>41,900</b>	<b>—</b>	<b>2,343,093</b>
<b>Carrying amount</b>								
At 31 December 2013	<b>354,229</b>	<b>1,276,721</b>	<b>9,142</b>	<b>1,098,166</b>	<b>10,042</b>	<b>13,696</b>	<b>2,987,059</b>	<b>5,749,056</b>
At 31 December 2012	<b>330,598</b>	<b>1,300,653</b>	<b>1,779</b>	<b>687,712</b>	<b>7,902</b>	<b>11,128</b>	<b>1,302,802</b>	<b>3,642,573</b>

# Notes to the Financial Statements

For the year ended 31 December 2013

## 14.1 Capital work-in-progress

Work-in-progress comprises of the construction of a seasoning factory and palm oil plant.

## 14.2 Freehold land and buildings carried at revalued amounts

Some properties located at Otta, Lagos and in Calabar were professionally valued at ₦192.4 million and ₦760.3 million by Messrs Dan Odiete & Co. (Estate Surveyors, Valuers and Real Estate Consultants) and Alagbe & Partners (Estate Surveyors and Valuers) on 22nd November 1994 and July 2002 respectively on the basis of the open market capital value. The surplus of ₦149.5 million arising from the revaluation was credited to Revaluation Reserve Account but transferred to retained earnings on transition to IFRS in 2012.

## 14.3 Assets pledged as security

None of the Company's assets were pledged as security for any liabilities as at December 2013 (2012: Nil).

## 14.4 Capital commitments

### *New tomato paste manufacturing plant at Otta, Ogun State, Nigeria*

The Company's total capital commitments as at 31 December, 2013 amounted to ₦358.124 million in respect of the new factories for tomato paste, seasoning and vegetable oil at Otta, Ogun State, Nigeria (2012: ₦1,288 billion).

## 14.5 Adjustment

Amount represents correction made in the year on fixed asset due to the differences noted on migration of fixed asset register in excel to a fixed asset software and items capitalised in prior year as capital work-in-progress which did not meet the criteria for capitalisation as plant, property and equipment.

	Note	2013 ₦'000	2012 ₦'000
<b>15. OTHER ASSETS</b>			
<b>Prepayments:</b>			
Rent		37,607	45,823
Insurance		4,478	—
Deposit for import	15.1	418,329	—
Software acquisition (SAP cost)		197,029	—
Import duties on deposit for import	15.2	87,705	—
Others		8,412	19,010
		<b>753,560</b>	<b>64,833</b>
Current		753,560	40,945
Non-current		—	23,888
		<b>753,560</b>	<b>64,833</b>

15.1 Relates to deposit for raw salt which is yet to be received as at year end.

15.2 Represents deposit for clearing and other shipping charges with respect to the deposit on raw salt.

# Notes to the Financial Statements

For the year ended 31 December 2013

	2013 N'000	2012 N'000
<b>16. INVENTORIES</b>		
Raw materials	520,787	687,822
Finished goods	75,786	85,369
Spare parts and consumables	130,303	63,190
Packaging materials	77,850	59,333
Oil and lubricants	10,757	14,607
	<u>815,483</u>	<u>910,321</u>

16.1 The cost of inventories recognised as an expense during the year in respect of continuing operations was ₦2,545 billion (31 Dec 2012: ₦4,296 billion).

**16.2 Write down of inventory**

During the year relates to spares for which the associated equipments are already written off in previous years and thus no more in operations and because they are specialised spares have no significant alternative use.

	2013 N'000	2012 N'000
<b>Movement in stock of spares</b>		
Cost	194,215	118,647
Allowance for obsolete spares	(63,912)	(55,457)
	<u>130,303</u>	<u>63,190</u>

16.3 No inventory was pledged as security for any liability.

	Note	2013 N'000	2012 N'000
<b>17. TRADE AND OTHER RECEIVABLES</b>			
Trade debtors		1,143,385	1,056,715
Allowance for bad and doubtful debts		(816,243)	(791,671)
		<u>327,142</u>	<u>265,044</u>
Staff loans and advances		80,876	86,273
Advance to suppliers of services	17.3	206,425	46,722
Transport income receivable	17.4	492,878	188,552
Insurance claim receivable		15,623	15,622
VAT receivable		27,016	27,017
		<u>1,149,960</u>	<u>629,230</u>
Allowance for doubtful insurance claim receivable		(15,623)	(15,622)
Allowance for doubtful staff loans and advances		(14,943)	—
		<u>1,119,395</u>	<u>613,608</u>

17.1 Trade receivables disclosed above are carried at cost less allowance for doubtful debts.

17.2 The average credit period taken on sales of goods is 30 days. No interest is charged on outstanding trade receivables. It is the Company's policy to recognise a 100% allowance on receivables that are due for over 365 days based on management's judgement that those receivables are unlikely

# Notes to the Financial Statements

For the year ended 31 December 2013

to be recovered. Allowances for doubtful debts are recognised against trade receivables between 60 days and 365 days based on estimated irrecoverable amounts determined by reference to past default experience of the counterparty and an analysis of their current financial position.

Credit sales are made subject to observation of all credit approval procedures.

- 17.3 Amount relates to advance payment made to suppliers for provision of services for which benefits has not been received as at year end. Some vendors are being paid in advance.
- 17.4 The Company provides haulage services to its major customers in order to facilitate patronage. Amount relates to the unsettled portion as at year end.

## 18. CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and short-term deposits with 30 days tenure. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	<b>2013</b> <b>N'000</b>	<b>2012</b> <b>N'000</b>
Cash in hand	6,894	1,921
Bank balance	570,819	967,825
Short-term deposits	615,166	3,096,336
	<u>1,192,879</u>	<u>4,066,082</u>
Bank overdrafts	(5,236)	(5,236)
	<u><b>1,187,643</b></u>	<u><b>4,060,846</b></u>

- 18.1 Short-term deposits comprise of commercial papers and term deposits as shown below:

	<b>Rate</b>	<b>Amortised cost</b>
Access bank fixed deposits	11%	50,000
Access bank fixed deposits	10%	50,000
		<u><b>100,000</b></u>
UBA fixed deposits	10%	50,705
		<u><b>50,705</b></u>
Zenith Bank fixed deposits	10.5%	50,000
		<u><b>50,000</b></u>
Ecobank fixed deposits	11%	50,000
		<u><b>50,000</b></u>
GTBank fixed deposits	9%	52,705
		<u><b>52,705</b></u>
DIL Commercial papers	8%	311,758
		<u><b>615,166</b></u>

Commercial papers and fixed deposits have interest rates ranging from 8% to 11% respectively and less than 90 days maturity period.

The Company does not have restricted cash.

- 18.2 Bank overdraft relates to outstanding debts with some Nigerian defunct banks.

# Notes to the Financial Statements

For the year ended 31 December 2013

	Note	2013 N'000	2012 N'000
<b>19. SHARE CAPITAL</b>			
<b>Authorised</b>			
4,000,000,000 ordinary shares of 50 kobo each		<u>4,000,000</u>	<u>4,000,000</u>
<b>Issued and fully paid</b>			
2,649,438,000 ordinary shares of 50 kobo each		<u>1,324,719</u>	<u>1,324,719</u>
<b>20. SHARE PREMIUM ACCOUNT</b>			
1995: Rights issue 65,846,667 ordinary shares of 50k each issued at ₦2.84 premium		156,793	156,793
2007: Share conversion		404,303	404,303
Less: Deferred charges written off		(127,059)	(127,059)
		<u>434,037</u>	<u>434,037</u>
<b>21. RETAINED EARNINGS</b>			
At 1 January		4,818,823	3,905,800
Dividend declared and paid		(2,384,495)	(1,854,607)
Profit for the year		2,699,542	2,767,713
Adjustment on tax	21.3	—	(83)
At 31 December		<u>5,133,870</u>	<u>4,818,823</u>

21.1 At the Annual General Meeting held on 6th June 2013, the shareholders approved that dividend of 90k amounting to ₦2.384 billion be paid to shareholders for the year ended 31 December 2012. In respect of the current year, the Directors propose that a dividend of 90k per ordinary share be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements. The total estimated dividend to be paid is ₦2.385 billion.

		2013 N'000	2012 N'000
<b>21.4 Dividend Summary</b>			
At 1 January		—	—
Dividend declared		<u>2,384,495</u>	<u>1,854,607</u>
		2,384,495	1,854,607
Payments — Sterling Registrars		(2,384,495)	(1,854,607)
At 31 December		<u>—</u>	<u>—</u>
<b>22. GOVERNMENT GRANT</b>			
<b>Unsecured borrowing at amortized cost</b>			
Debenture		<u>38,570</u>	<u>38,570</u>

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

# Notes to the Financial Statements

For the year ended 31 December 2013

## 23. RETIREMENT BENEFIT OBLIGATION

23.1 Amounts recognised in profit or loss in respect of these defined benefit plans are as follows:

	<b>2013</b> <b>N'000</b>	<b>2012</b> <b>N'000</b>
Current service cost	(155,000)	121,722
Curtailment (gains)	—	(2,069)
Net (gain)/charge	—	—
	<b>(155,000)</b>	<b>119,653</b>

The reversal (gain)/expense is included in other income/employee benefit expense for the year. Of the reversal/expense for the year, ₦151m (2011 – ₦121m) has been included in profit or loss as provision no longer required/administration expense.

	<b>2013</b> <b>N'000</b>	<b>2012</b> <b>N'000</b>
<b>23.2 Movement in gratuity</b>		
Balance as at 1 January	516,267	430,155
Current service cost	(155,000)	121,722
Actuarial (gains)/losses – change in assumption	—	(2,069)
Benefits paid out	(20,894)	(33,541)
<b>Balance as at 31 December</b>	<b>340,373</b>	<b>516,267</b>

### 23.3 Defined contribution plan

The entity operates defined contribution retirement benefit plans for its non-permanent Nigerian employees. The assets of the plans are held separately from those of the Company and managed by Pension Fund Administrators. The scheme is funded in accordance with the Pension Reform Act of 2004 with the employee and employer contributing 7.5% of the employee's relevant emoluments.

The total expense recognised in profit or loss of ₦25.9m (2012: ₦24.8m) represents contributions payable to this plan by the Company as at 31st December 2013. ₦4.2m (2012: Nil) due in respect of December 2013 (2012) reporting period had not been paid over to the plan. The amount was paid in subsequent period.

### 23.4 Defined benefit plan

The entity was operating a defined benefit plan for its permanent Nigerian staff. The benefits under which are related to employees' length of service and final remuneration. However, the Board resolved to eliminate the scheme effective January, 2013.

## 24. TRADE AND OTHER PAYABLES

	<b>Note</b>	<b>2013</b> <b>N'000</b>	<b>2012</b> <b>N'000</b>
Trade creditors		215,528	225,081
Other creditors and accruals		308,421	797,794
Value added tax		14,659	14,659
Customers' deposit	24.2	650,176	581,730
Withholding tax payable		51,522	21,635
PAYE		2,659	108
Staff pension	24.3	4,594	—
		<b>1,247,559</b>	<b>1,641,007</b>

# Notes to the Financial Statements

For the year ended 31 December 2013

- 24.1 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.

24.2	<b>Customers' deposit</b>	<b>2013</b>	<b>2012</b>
		<b>N'000</b>	<b>N'000</b>
	Deposit for refined salt	650,176	581,730
	At 31 December	<b>650,176</b>	<b>581,730</b>

Customers' deposits relate to amounts deposited by customers for which deliveries have not been made as at year end. Most of the customers often pay in advance for goods to be delivered to them.

24.3	<b>Staff pension</b>	<b>2013</b>	<b>2012</b>
		<b>N'000</b>	<b>N'000</b>
	At 1 January	—	10,842
	Contributions during the year	51,836	49,668
	Remittance in the year	(47,242)	(60,510)
	At 31 December	<b>4,594</b>	<b>—</b>

The only obligation of the Company with respect to the pension scheme is to make the specified contributions.

## 25. RELATED PARTY TRANSACTIONS

- 25.1 The following balances were outstanding at the end of the reporting period:

	Amounts owed by related parties		Amounts owed to related parties	
	31/12/13 N'000	31/12/12 N'000	31/12/13 N'000	31/12/12 N'000
Dangote Industries Limited	148,121	169,865		
Obajana Cement	478	—	24,194	24,194
Dangote Cement – Ibeshe	31,596	11,672	—	—
Dangote Cement – H/O	4,941	4,941	—	—
Dangote Sugar Refinery	56,050	25,997	108,316	7,866
Dangote Flour Mills Plc	—	—	—	—
Dangote Pasta Limited	7,918	6,939	—	—
Dansa Foods	2,546	—	—	—
Dangote Noodles Limited	8,261	8,352	—	—
Dangote Transport	9,837	9,837	22,962	22,962
Dangote Logistics	67,863	67,863	—	—
Dangote Foundation	—	996	—	—
Benue Cement	—	—	81,922	90,022
Benue Cement – Truck Scheme	—	—	54,398	54,398
DANCOM	6,980	—	—	25,902
Bulk Commodity	1,456,204	1,085,665	1,000,901	—
Dangote Agrosacks	—	—	97,900	55,792
Current	1,800,795	1,392,127	1,390,593	281,136
Non-current	—	—	—	—
Total	<b>1,800,795</b>	<b>1,392,127</b>	<b>1,390,593</b>	<b>281,136</b>

# Notes to the Financial Statements

For the year ended 31 December 2013

## 25.2 Trading transactions

Related party transactions arose from interCompany sales and payments between the Company and some of its related parties. Bulk commodities, a Dubai based entity under common control with the Company, acts as an intermediary in the provision of freight and logistics.

	Sales of goods		Purchase of goods	
	year ended	year ended	year ended	year ended
	31/12/13	31/12/12	31/12/13	13/12/12
	N'000	N'000	N'000	N'000
Dangote Sugar Refinery	180,456	104,756	100,724	—
Dangote Logistics	—	67,863	—	—
DANCOM	—	—	57,859	—
Benue Cement	—	—	—	50,745
Dangote Noodles Limited	33,324	29,610	—	—
Dangote Agrosacks	—	—	359,553	446,489
	<b>213,780</b>	<b>202,229</b>	<b>518,136</b>	<b>497,234</b>

## 25.3 Identity of related parties

Related parties	Nature of related party
Dangote Transport Limited	Fellow subsidiary company that provides haulage services
Dangote Sugar Refinery Plc	Fellow subsidiary company that buys industrial sugar
Dansa Foods Limited	An entity controlled by a key management personnel of the Company that has a trading relationship with the Company
Dangote Flour Mills Plc	Fellow subsidiary – Supplier of power
Dangote Pasta Limited	Fellow subsidiary – Exchange of AGO LPFO
Dangote Industries Limited (see Note 15)	Parent company that provides management support and receives 2% of turnover as management fees
Dangote Noodles Limited	Fellow subsidiary – Supplier of power
Dangote Agrosacks	Fellow subsidiary – Supplies empty sacks for bagging finished sugar
Greenview Development Company Limited	Fellow subsidiary – Property rentals
Benue Cement	Fellow subsidiary – Truck ownership scheme
DANCOM	Fellow subsidiary – Provider of IT services
Dangote Cement Plc	Fellow subsidiary – Exchange of diesel and LPFO
Obajana Cement	Fellow subsidiary – Exchange of diesel, spares and LPFO
Dangote Logistics	Fellow subsidiary – Uses NASCON (Otta) warehouse for truck custody
Bulk Commodity	An entity that sources for raw materials for the Company

The remuneration of Directors and key executives is determined by the finance and establishment committee having regard to the performance of individuals and market trends.

### Loans to and from related parties

There are no loans from or to related parties.



# Notes to the Financial Statements

For the year ended 31 December 2013

## 26. RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	<b>2013</b>	<b>2012</b>
	<b>N'000</b>	<b>N'000</b>
Profit after tax	2,699,542	2,767,713
<b>Adjustments to reconcile profit after tax to net cash provided</b>		
Depreciation	503,705	548,127
Interest payable and similar charges	8,317	7,947
Interest receivable and similar income	(230,136)	(203,250)
Adjustment to fixed asset	(17,762)	—
Asset impaired	—	128,863
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in inventories	94,838	(65,063)
(Increase)/decrease in trade and other receivables	(505,787)	907,073
(Increase)/decrease in due from related parties	(408,668)	(1,162,727)
Decrease/(increase) in other assets short-term	(712,615)	577,247
Decrease in other assets — long-term	23,888	4,595
(Decrease)/increase in trade and other payables	(393,448)	(627,695)
Increase/(decrease) in due to related parties	1,109,457	(141,184)
Increase/(decrease) in retirement benefit obligation	(175,894)	86,112
(Decrease)/increase in deferred tax	172,880	(179,055)
Increase in tax payable	(286,419)	591,316
Total adjustments	<u>(817,643)</u>	<u>472,306</u>
<b>Net cash provided by operating activities</b>	<b><u>1,881,899</u></b>	<b><u>3,240,019</u></b>

## 27. RISK MANAGEMENT

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

The Board oversight is performed by the Board of Directors through the Finance and Establishment Committee.

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

The third level is performed by all line managers under EXCOM. 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.

### 27.1 Capital risk management

The capital structure of the Company consists of debt, which includes the borrowings disclosed in cash and cash equivalents and equity attributable to equity holders of the Company, comprising issued capital, reserves and retained earnings as disclosed in relevant notes in the financial statements.

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

The Company reviews the capital structure on a frequent basis. As part of this review, the Company considers the cost of capital and the risks associated with each class of capital. The Company has a target gearing ratio of 70 per cent to 100 per cent determined as the proportion of net debt to equity. The gearing ratio at 31 December 2011 was approximately 71 per cent (see below) was at the target range.

# Notes to the Financial Statements

For the year ended 31 December 2013

	2013 N'000	2012 N'000
<b>27.1.1 Gearing ratio</b>		
The gearing ratio at the year end is as follows:		
Debt	5,236	5,236
Equity	6,892,626	6,577,579
<b>Net debt to equity ratio</b>	<b>0.08</b>	<b>0.08</b>

Debt is defined as long- and short-term borrowings (bank overdraft inclusive), while equity includes all capital and reserves of the Company.

	31/12/13 N'000	31/12/12 N'000
<b>27.1.2 Categories of financial instruments</b>		
<b>Assets</b>		
Trade and other receivables	1,119,395	613,608
Due from related parties	1,800,795	1,392,127
Cash and cash equivalents	1,192,879	4,066,082
<b>Liabilities</b>		
Overdraft	5,236	5,236
Trade and other payables	1,247,559	1,641,007
Due to related parties	1,390,593	281,136

## 27.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in relevant notes to the financial statements.

## 27.3 Foreign currency financial and credit risk

The Company is exposed to market risk, credit risk and liquidity risks. The parent company's internal audit and risk management team is responsible for monitoring its exposure to each of the mentioned risks. This policy provides guidance over all treasury and finance related matters and is undermined by delegated authority guidelines and detailed procedures. The main objectives of the policy are to ensure that sufficient liquidity exists to meet the operational needs of the business to maintain the integrity and liquidity of the investment portfolio and to manage the impact of foreign exchange and interest rate volatility on the Company's net income.

## 27.4 Sensitivity analysis for interest rate

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

## 27.5 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

# Notes to the Financial Statements

For the year ended 31 December 2013

## 27.5 Credit risk management (continue)

creditworthy counterparties and obtaining sufficient collateral where appropriate (bank guaranty, 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.

### 27.5.1 Trade receivables

#### **Concentration of risk**

Apart from two customers, the largest customers of the Company, the Company does not have significant credit risk exposure to any single counterparty. These customers' credit history is good. 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 analysed at each reporting date on an individual basis for corporate and individual customers.

### 27.5.2 Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with its corporate treasury policy that spells out counterparty limits, list of financial institutions that the Company deals with and the maximum tenure of fixed term funds. Surplus funds are spread amongst these institutions and funds must be within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Corporate Treasurer 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.

### 27.5.3 Maximum exposure to credit risks

The carrying value of the Company's financial assets represents its maximum exposure to credit risk. The maximum exposure to credit risk at the reporting date was:

	31/12/2013 N'000	31/12/2012 N'000
Trade receivables	327,142	265,044
Other receivables	92,949	1,505,418
Deposits with banks	1,185,986	4,064,161
Amount due from related party	1,800,795	1,392,127
	<b>3,406,872</b>	<b>7,226,750</b>

# Notes to the Financial Statements

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## 27.6 Liquidity risk management

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

### 27.6.1 Liquidity and interest risk tables

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 Group can be required to pay. The table includes both interest and principal cash flows.

### 27.6.2 Liquidity risk management

Maturity analysis

	31/12//2013		
	Total N'000	0 – 3 months N'000	3 – 6 months N'000
<b>Financial liabilities</b>			
Trade payables	215,528	55,652	159,876
Other payables	1,032,031	385,277	646,754
Due to related parties	1,390,593	1,000,901	389,692
Overdrafts	5,236	5,236	—
Government grant	38,570	38,570	—
	<b>2,681,958</b>	<b>1,485,636</b>	<b>1,196,322</b>

### 27.6.3 Liquidity risk management

Maturity analysis (continued)

	31/12//2012		
	Total N'000	0 – 3 months N'000	3 – 6 months N'000
<b>Financial liabilities</b>			
Trade payables	225,081	29,555	195,526
Other payables	1,415,926	834,196	581,730
Due to related parties	281,136	281,136	—
Overdrafts	5,236	5,236	—
Government grant	38,570	38,570	—
	<b>1,965,949</b>	<b>1,188,693</b>	<b>777,256</b>

### 27.6.4 Fair value of financial instruments carried at amortised cost

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

	Book value		Fair value	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
<b>Financial asset</b>				
Trade and other receivables	420,092	378,334	2,220,885	1,770,462
Due from related parties	1,800,795	1,392,127	1,800,795	1,392,127
Cash and cash equivalents	1,185,986	4,064,161	1,186,027	4,064,161
<b>Financial liabilities</b>				
Trade and other payables	1,247,559	1,641,007	1,247,559	1,641,007
Due to related parties	1,390,593	281,136	1,390,593	281,136
Employee benefits	340,373	516,267	340,373	516,267
Overdrafts	5,236	5,236	5,236	5,236
Government grant	38,570	38,570	38,570	38,570

# Notes to the Financial Statements

For the year ended 31 December 2013

## 27.6.4 Fair value of financial instruments carried at amortised cost (continued)

	31/12/13		
	3 months to 1 year N'000	1–5 years N'000	Total N'000
Borrowings	—	38,570	38,570
	—	<b>38,570</b>	<b>38,570</b>
Borrowings	—	38,570	38,570
	—	<b>38,570</b>	<b>38,570</b>

## 28. RELATED PARTY INFORMATION

### Information regarding Directors and employees

#### 28.1 Directors

	31 Dec 2013 N'000	31 Dec 2012 N'000
Directors' emoluments comprise:		
Fees	410	410
Salaries	28,891	24,783
Others	30,341	17,900
	<b>59,642</b>	<b>43,093</b>
Emoluments of the highest paid Director were	<b>28,891</b>	<b>24,783</b>

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

N'000	31/12/2013 Number	31/12/2012 Number
0 — 5,000	—	—
20,000 — 25,000	—	1
26,000 — 31,000	1	—
38,000 — 43,000	—	—
	<b>1</b>	<b>1</b>

#### 28.2 Employees

Average number of persons employed during the year:

Management	21	18
Senior staff	94	75
Junior staff	364	390
	<b>479</b>	<b>483</b>

#### Aggregate payroll costs

	N'000	N'000
Wages, salaries, allowances and other benefits	764,511	796,451
Provision for gratuities	—	119,653
Pension cost	25,918	24,834
	<b>790,429</b>	<b>940,938</b>

# Notes to the Financial Statements

For the year ended 31 December 2013

## 28.3 Directors and key management personnel

The remuneration of Directors and other members of key management personnel during the year comprised short-term benefits of ₦72 million (2011: ₦62 million).

## 29. CAPITAL COMMITMENTS

### New Tomato Paste Manufacturing Plant

The Company's total capital commitments as at 31 December, 2013 amounted to ₦358.124 million in respect of the new factories for tomato paste, seasoning and vegetable oil at Otta, Ogun State, Nigeria (2012: ₦1,288 billion).

## 30. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

The Company is currently subject to a litigation case. Based on the Company's solicitor's advice, the Directors assess that there is no possible liability arising out of the case.

## 31. EVENTS AFTER THE REPORTING PERIOD

There were no events after the reporting period that could have had a material effect on the financial statement of the Company as at 31 December 2013 that have not been taken into accounts in these financial statements.

### 31.1 Proposed dividends

At the Annual General Meeting held on 6th June 2013, the shareholders approved that dividend of 90k amounting to ₦2.384 billion be paid to shareholders for the year ended 31 December 2012. In respect of the current year, the Directors propose that a dividend of 90k per ordinary share be paid to shareholders. The dividend is subject to approval by shareholders at the Annual General Meeting and deduction of withholding tax at the appropriate rate. Consequently, it has not been included as a liability in these financial statements. The total estimated dividend to be paid is ₦2.385 billion.

## 32. APPROVAL OF FINANCIAL STATEMENTS

The Board approved the financial statements during its meeting of 5 May, 2014.

## Statement of Value Added

For the year ended 31 December 2013

	31 Dec. 2013		31 Dec. 2012	
	N'000	%	N'000	%
Turnover	10,837,261		13,414,185	
Interest receivable and similar income	230,136		268,490	
Other income	228,341		415	
	<u>11,295,738</u>		<u>13,683,090</u>	
<i>Less: Bought in materials and services</i>				
— Imported	(2,544,588)		(4,325,210)	
— Local	(3,256,420)		(4,032,526)	
<b>VALUE ADDED</b>	<b><u>5,494,730</u></b>	<b><u>100</u></b>	<b><u>5,325,354</u></b>	<b><u>100</u></b>
<b>APPLIED AS FOLLOWS:</b>				
<b>To pay employees</b>				
Salaries, wages and other benefits	771,423	14	911,254	20
<b>To pay government</b>				
Income tax	1,338,863	24	1,270,030	19
<b>To pay providers of capital</b>				
Interest on loans, overdraft	8,317	1	7,947	—
<b>To provide for replacement of assets and development</b>				
Deferred tax	172,880	3	(179,717)	7
Depreciation	503,705	9	548,127	8
Profit and loss account	2,699,542	49	2,766,306	46
Other comprehensive income	—	—	1,407	—
	<b><u>5,494,730</u></b>	<b><u>100</u></b>	<b><u>5,325,354</u></b>	<b><u>100</u></b>

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Companies and Allied Matters Act (CAMA) requirement.

## Five-Year Financial Summary

	IFRS Dec. 2013 N'000	IFRS Dec. 2012 N'000	IFRS Dec. 2011 N'000	IFRS Dec. 2010 N'000	NIG GAAP Dec. 2009 N'000
<b>Assets Employed</b>					
Non-current asset	5,749,056	3,666,461	3,335,989	2,587,775	2,907,900
Current assets	5,682,111	7,023,083	6,710,953	4,922,017	2,446,300
Deferred taxation	—	—	—	—	(458,437)
Debenture loan	—	—	—	—	(38,570)
Provision for staff gratuity	—	—	—	—	(225,661)
	<b>11,431,167</b>	<b>10,689,544</b>	<b>10,046,942</b>	<b>7,509,792</b>	<b>4,631,532</b>
<b>Financed By</b>					
Share capital	1,324,719	1,324,719	1,324,719	1,324,719	1,324,719
Share premium	434,037	434,037	434,037	434,037	434,037
Revaluation reserve	—	—	—	—	149,450
Non-current liabilities	731,825	734,839	827,782	729,093	—
Current liabilities	3,806,716	3,377,126	3,554,604	2,024,216	—
Retained earnings	5,133,870	4,818,823	3,905,800	2,997,727	2,723,326
	<b>11,431,167</b>	<b>10,689,544</b>	<b>10,046,942</b>	<b>7,509,792</b>	<b>4,631,532</b>
<b>Turnover, Profit and Taxation</b>					
<b>Turnover</b>	<b>10,837,261</b>	<b>13,414,185</b>	<b>8,894,015</b>	<b>8,767,353</b>	<b>7,888,276</b>
Profit before taxation	4,038,405	4,036,336	3,138,599	2,058,340	2,712,448
Taxation	(1,338,863)	(1,270,030)	(934,904)	(410,019)	(870,102)
<b>Profit after taxation</b>	<b>2,699,542</b>	<b>2,766,306</b>	<b>2,203,695</b>	<b>1,648,321</b>	<b>1,842,346</b>
<b>Earnings per share</b>					
Earnings — Basic	1.02	1.04	84	62	70
Earnings — Diluted	1.02	1.04	84	62	70
Net assets	—	—	—	187	147

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Companies and Allied Matters Act (CAMA) requirement.



## Data on Claimed/Unclaimed Dividends (2007 – 2012)

Dividend Year	Payment Date	No. of Year	Total Dividends Amount ₦	Total Amount Claimed ₦	Total Unclaimed ₦
2007	17/07/2008	1	883,146,126.00	860,606,751.00	22,539,375.00
2008	05/10/2009	2	1,059,775,351.20	1,023,319,047.24	36,456,303.96
2009	04/10/2010	3	1,324,719,189.00	1,279,893,150.45	44,826,038.55
2010	11/07/2011	4	1,324,719,189.00	1,269,552,924.00	55,166,265.00
2011	07/06/2012	5	1,854,606,864.60	1,746,796,602.40	107,810,262.20
2012	12/06/2013	6	2,384,494,540.20	2,239,621,528.96	144,873,011.24

## Notes

# Mandate Form

*Get Your Dividend the Instant You Need it with  
e-Dividend Payment*

MANDATE FOR DIVIDEND PAYMENT TO BANKS (e-Dividend)



**213, Herbert Macaulay Way,  
Sabo-Yaba,  
P.O. Box 51585,  
Falomo-Ikoyi,  
Lagos.**

**Phone: 01-8920491,8920492**

**Fax: 01-2702361**

**e-Mail: info@meristemregistrars.com**

**Website: www.meristemregistrars.com**

To:

**The Registrars,  
Meristem Registrars Limited,  
213, Herbert Macaulay Way,  
Adekunle, Yaba,  
Lagos.**

I/We hereby request that from now on, all my/our dividend warrant(s) due to me/us from my/our holding(s) in all the companies ticked at the right hand column be paid to my/our Bank named below.

Bank Name: \_\_\_\_\_

Bank Address: \_\_\_\_\_

\_\_\_\_\_

Account Number: \_\_\_\_\_

Shareholder's Full Name: \_\_\_\_\_  
(Surname First)

Shareholder's Address: \_\_\_\_\_

\_\_\_\_\_

E-mail: \_\_\_\_\_

Mobile Phone: \_\_\_\_\_

CSCS CHN \_\_\_\_\_ CSCS A/C No. \_\_\_\_\_

Single Shareholder's Signature: \_\_\_\_\_

Joint Shareholder's Signature 1. \_\_\_\_\_

2. \_\_\_\_\_

If company,  
Authorized Signatories 1. \_\_\_\_\_

2. \_\_\_\_\_

Company  
Seal: \_\_\_\_\_

Authorized Signature & Stamp Of  
Bankers: \_\_\_\_\_

Sort Code: 

--	--	--	--	--	--	--	--	--	--

**e-DIVIDEND PAYMENT – One  
Stop Solution to Unclaimed  
Dividend – Take Advantage of It!**



# Proxy Form

**NATIONAL SALT COMPANY OF NIG. PLC  
2013 ANNUAL GENERAL MEETING TO BE HELD  
AT 11.00 A.M. ON THURSDAY, 19TH JUNE, 2014  
AT THE AGIP RECITAL HALL, MUSON CENTRE,  
ONIKAN, LAGOS.**



I/We\* .....

of .....

being a member/member(s) of National Salt Company of Nig. Plc

hereby appoint .....

.....

of .....

or failing him, the Chairman of the meeting, as my/our proxy to act and vote for me/us and on my/our behalf at the 2013 Annual General Meeting of the Company to be held at 11.00 a.m. on Thursday, 19th June, 2014 and at any adjournment thereof.

Dated this ..... day of ..... 2014

Signature .....

## NOTES

1. Please sign this proxy card and post it to reach the registered office of the Company not less than 48 hours before the time for holding the meeting.
2. If executed by a corporation, the proxy card should be sealed with the common seal.
3. This proxy card will be used both by show of hands and in the event of a poll being directed or demanded.
4. In the case of joint holders the signature of any one of them will suffice, but the names of all joint holders should be shown.



*Before posting the above form, please tear off this part and retain it for admission to the meeting.*

RESOLUTION	FOR	AGAINST
1. To receive the Audited Financial Statements for the year ended 31st December, 2013 along with the reports of the Directors and Audit Committee thereon.		
2. To declare a Dividend.		
3. To re-elect Directors.		
4. To re-appoint the Auditors.		
5. To authorize the Directors to fix the remuneration of the Auditors.		
6. To appoint members of the Audit Committee.		
<b>Special Business</b>		
7. To determine the remuneration of the Directors for the year ending 31st December, 2014.		
8. To consider and if thought fit to pass the following as a Special Resolution.  "That in accordance with section 31(3) of the Companies and Allied Matters Act CAP 20 Laws of the Federation of Nigeria 2004, the name of the Company, National Salt Company of Nigeria Plc be, and is hereby changed to <b>NASCON INDUSTRIES plc.</b> and that Clause 1 of the Memorandum of Association of the Company be and is hereby amended accordingly to reflect the new name."		
Please indicate with an "X" in the appropriate square how you wish your votes to be cast on resolutions set out above. Unless otherwise instructed, the proxy will vote or abstain from voting at his/her own discretion.		

## Admission Card

**NATIONAL SALT COMPANY OF NIG. PLC  
2013 ANNUAL GENERAL MEETING TO BE HELD AT 11.00 A.M.  
ON THURSDAY, 19TH JUNE, 2014 AT THE AGIP RECITAL HALL, MUSON CENTRE, ONIKAN, LAGOS.**

Name of Shareholder\* .....

### IF YOU ARE UNABLE TO ATTEND THE MEETING

A member (shareholder) who is unable to attend Annual General Meeting is allowed by law to vote by proxy. A proxy need not be a member of the Company. The above proxy card has been prepared to enable you exercise your right to vote if you cannot personally attend.

### No. of Shares

### Name and Address of Shareholders

### IMPORTANT

Please insert your name in BLOCK CAPITALS on both proxy and admission card where marked\*.

**The Registrars**

Meristem Registrars Ltd.  
213, Herbert Macaulay Way  
Adekunle, Yaba  
Lagos



**NATIONAL SALT COMPANY OF NIG. PLC.**

RC. 11364





NATIONAL SALT COMPANY OF NIG. PLC.  
RC 11364



NATIONAL SALT COMPANY OF NIG. PLC is a subsidiary of the DANGOTE GROUP