



**Nascon Allied Industries Plc
(Registration number 11364)
Unaudited Financial Statements
for the period ended 31 March 2024**

Nascon Allied Industries Plc

(Registration number 11364)

Unaudited Financial Statements for the interim period ended 31 March 2024

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Statement of Profit or Loss and Other Comprehensive Income

		Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
Revenue	4	23,618,117	16,901,201	80,828,373
Cost of sales	6	(12,460,558)	(9,949,272)	(36,509,587)
Gross profit (loss)		11,157,559	6,951,929	44,318,786
Other income	7	101,950	83,220	194,305
Other operating (loss)/gains	8	(3,056,110)	-	267,500
Movement in credit loss allowances	9	-	-	11,013
Distribution costs	10.1	(4,993,993)	(3,469,570)	(18,988,580)
Administrative expenses	10.2	(1,431,196)	(1,014,086)	(4,706,955)
Operating profit (loss)		1,778,210	2,551,493	21,096,069
Interest received	11	418,736	141,485	927,498
Interest paid	12	(357,937)	(258,672)	(1,435,308)
Profit (loss) before taxation		1,839,009	2,434,306	20,588,259
Taxation	13	(606,873)	(791,149)	(6,859,890)
Profit (loss) from continuing operations		1,232,136	1,643,157	13,728,369
Profit (loss) for the period		1,232,136	1,643,157	13,728,369
Total comprehensive income (loss) for the period		1,232,136	1,643,157	13,728,369
Earnings per share				
Per share information				
Basic and diluted earnings per share (Kobo)	15	186	248	518

The accounting policies on pages 6 to 19 and the notes on pages 20 to 39 form an integral part of the unaudited financial statements

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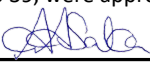
Unaudited Financial Statements for the interim period ended 31 March 2024

Statement of Financial Position

		Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
Assets				
Non-Current Assets				
Property, plant and equipment	16	11,649,332	12,125,502	12,097,461
Right-of-use assets	17	4,063,517	3,858,156	4,124,988
		15,712,849	15,983,658	16,222,449
Current Assets				
Inventories	18	13,876,361	8,144,603	11,172,733
Trade and other receivables	19	36,613,615	13,770,772	27,709,452
Other financial assets	20	725,307	695,826	725,307
Other assets	21	2,176,253	4,677,756	2,149,156
Cash and cash equivalents	22	15,697,284	15,904,300	25,612,894
		69,088,820	43,193,257	67,369,542
Total Assets		84,801,669	59,176,915	83,591,991
Equity and Liabilities				
Equity				
Share capital	23	1,324,719	1,324,719	1,324,719
Share premium	24	434,037	434,037	434,037
Retained earnings	25	26,945,238	18,926,767	25,713,102
		28,703,994	20,685,523	27,471,858
Liabilities				
Non-Current Liabilities				
Borrowings	27	38,570	38,570	38,570
Lease liabilities	28	3,848,889	3,779,579	3,893,818
Retirement benefit obligation	29	122,805	125,475	122,805
Deferred tax	14	2,405,190	2,125,796	2,405,190
		6,415,454	6,069,420	6,460,383
Current Liabilities				
Trade and other payables	30	36,641,382	21,375,396	30,931,522
Borrowings	27	3,930,715	3,212,461	5,494,099
Lease liabilities	28	314,636	276,028	297,214
Contract liabilities	31	2,437,641	3,648,403	6,341,007
Current tax payable	13	6,357,847	3,909,684	6,595,908
		49,682,221	32,421,972	49,659,750
Total Liabilities		56,097,675	38,491,392	56,120,133
Total Equity and Liabilities		84,801,669	59,176,915	83,591,991

The Unaudited Financial Statements and the notes on pages 20 to 39, were approved by the board on the 29 April 2024 and were signed on its behalf by:


Thabo Mabe
 Managing Director
 FRC/2013/IODN/00000001741


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

The accounting policies on pages 6 to 19 and the notes on pages 20 to 39 form an integral part of the unaudited financial statements.

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Statement of Changes in Equity

	Share capital	Share premium	Retained income	Total equity
	N '000	N '000	N '000	N '000
Balance at 1 January 2023	1,324,719	434,037	17,283,610	19,042,366
Profit for the period	-	-	1,643,157	1,643,157
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	1,643,157	1,643,157
Balance at 31 March 2023	1,324,719	434,037	18,926,767	20,685,523
Balance at 1 January 2024	1,324,719	434,037	25,713,102	27,471,858
Profit for the period	-	-	1,232,136	1,232,136
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	1,232,136	1,232,136
Balance at 31 March 2024	1,324,719	434,037	26,945,238	28,703,994

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Statement of Cash Flows

	Notes	Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
Cash flows from operating activities				
Cash generated from operations	32	(7,501,107)	4,739,914	23,163,517
Tax paid	13	(844,934)	(212)	(3,103,334)
Retirement benefit paid	29	-	(7,696)	(10,366)
Net cash from operating activities		(8,346,041)	4,732,006	20,049,817
Cash flows from investing activities				
Purchase of property, plant and equipment	16	(124,478)	(189,580)	(1,878,247)
Proceed from sale of property, plant and equipment	16	85,000	-	57,239
Investment income	11	418,736	141,485	927,498
Net cash from investing activities		379,258	(48,095)	(893,510)
Cash flows from financing activities				
Borrowings	27	-	-	701,218
Repayment of borrowings	27	(1,563,384)	(1,580,420)	-
Dividends paid	26	-	-	(5,298,877)
Finance costs	12	(264,753)	(180,401)	(1,045,374)
Payment on lease liabilities	28	(120,691)	(25,000)	(678,217)
Net cash used in financing activities		(1,948,828)	(1,785,821)	(6,321,250)
Total cash and cash equivalents movement for the period		(9,915,611)	2,898,090	12,835,057
Cash and cash equivalents at the beginning of the period		25,612,894	13,006,210	13,006,210
Effect of exchange rate movement on cash balances		-	-	(228,373)
Total cash and cash equivalents at end of the period	22	15,697,283	15,904,300	25,612,894

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Accounting Policies

1 Corporate information

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

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

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

1.1 The principal activity

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

1.2 Financial period

The financial statements cover the financial year from 1 January 2024 to 31 March 2024 with comparatives for the period ended 31 March 2023.

1.3 Going concern status

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

2. Material accounting policies

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

2.1 Statement of Compliance

The Unaudited Financial Statements have been prepared in accordance with, and comply with, International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC), interpretations issued by the International Accounting Standards Board (IASB), Companies and Allied Matters Act (CAMA) and Financial Reporting Council of Nigeria (Amendment) Act, 2023 and effective at the time of preparing these financial statements.

2.2. Basis of measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

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

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Accounting Policies

2.2 Basis of measurement (continued)

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

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

2.3 Functional and presentation currency

These Unaudited Financial Statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand (N'000), unless otherwise stated.

2.3.1 Foreign currency transactions

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

At the end of the reporting period:

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

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

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

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

2.4 Revenue from contracts with customers

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

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

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Company is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services. The customer payment are categories into cash and 30 days credit sales.

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

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

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Accounting Policies

2.4 Revenue from contracts with customers (continued)

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

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

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

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

2.5 Interest income

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

2.6 Employee benefits

Short-term employee benefits

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

Termination benefits.

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

Retirement benefit obligations

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

Defined contribution plan

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

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Accounting Policies

2.7 Taxation

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

Current tax

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

Current income tax is the expected amount of income tax payable on the taxable profit for the year determined in accordance with the Companies Income Tax Act (CITA) using statutory tax rates at the reporting date. Tertiary Education tax is assessed at 3% of the assessable profits as defined by the Tertiary Education Tax Act.

Deferred tax

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

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

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

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

2.8 Property, plant and equipment

2.8.1 Recognition and measurement

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

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

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

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

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

2.8.2 Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

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Accounting Policies

2.8 Property, plant and equipment (continued)

2.8.3 Depreciation

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

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term in which case the assets are depreciated over the useful life.

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

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

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

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

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

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

2.8.4 Derecognition

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

2.9 Leases

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

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

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

- the Company has the right to operate the asset; or

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Accounting Policies

2.9 Leases (continued)

– the Company designed the asset in a way that predetermines how and for what purpose it will be used.

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

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

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

Lease liabilities

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

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

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

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

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

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

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Accounting Policies

2.9 Leases (continued)

Right-of-use assets

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

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

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

Short-term lease and leases of low-value assets

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

Extension and termination options

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

2.10 Inventories

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

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

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

2.11 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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Accounting Policies

2.11 Provisions and contingencies (continued)

Contingent liabilities

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

Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position, if the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability, and no disclosure is made.

2.12 Financial instruments

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

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

Financial assets which are debt instruments:

- Amortised cost. (This category applies only when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows).

Financial liabilities:

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

Note 33 Financial instruments and risk management presents the financial instruments held by the Company based on their specific classifications.

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

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

Offsetting financial instruments

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

Trade and other receivables

Classification

Trade and other receivables, excluding, when applicable, VAT, WHT and prepayments, are classified as financial assets subsequently measured at amortised cost (note 19).

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

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Accounting Policies

2.12 Financial instruments (continued)

Recognition and measurement

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

They are subsequently measured at amortised cost.

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

Measurement and recognition of expected credit losses

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

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

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

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

Write off policy

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

Credit risk

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

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Accounting Policies

2.12 Financial instruments (continued)

Derecognition

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

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

Borrowings

Classification

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

Recognition and measurement

Borrowings are recognised when the Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

Interest expense, calculated on the effective interest method, is included in profit or loss in interest paid (note 12).

Borrowings expose the Company to liquidity risk and interest rate risk. Refer to note 33 for details of risk exposure and management thereof.

Derecognition

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

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Accounting Policies

2.12 Financial instruments (continued)

Trade and other payables

Classification

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

Recognition and measurement

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

They are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in interest paid (Note 12).

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

Derecognition

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

Cash and cash equivalents

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

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

2.12.1 Derecognition

Financial assets

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

Financial liabilities

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

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Accounting Policies

2.12 Financial instruments (continued)

Reclassification

Financial assets

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

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

Financial liabilities

Financial liabilities are not reclassified.

2.13 Borrowing costs

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

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

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

2.14 Government grants

Government grants are recognised when there is reasonable assurance that:

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

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

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

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Accounting Policies

2.15 Share capital and equity

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

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

2.16 Earnings per share

The Company presents Basic Earnings Per Share (EPS) for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

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

3 Critical accounting judgement and key sources of estimation uncertainty

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

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

3.1 Key sources of estimation uncertainty

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

3.1.1 Impairment testing

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

3.1.2 Useful lives of property, plant and equipment

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

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

3.1.3 Allowances for credit losses

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

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Accounting Policies

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

3.1.4 Measurement of lease liabilities

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

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

3.1.5 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits, together with future tax planning strategies. In determining the timing and level of future taxable profits together with future tax planning strategies, Management assessed the probability of expected future taxable profits based on expected revenues for the next five years. Details of the Company's recognised and unrecognised deferred tax assets and liabilities are as disclosed in Note 14.

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Notes to the Unaudited Financial Statements

	Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
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4. Revenue

Revenue from contracts with customers

Sale of goods	23,618,117	16,901,201	80,828,373
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Revenue is recognised at a point in time

5. Segmental information

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

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

Segmental revenue and results

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

Geographical information

East	1,374,724	1,009,441	4,704,923
West	4,844,212	3,756,284	16,578,364
North	17,399,181	12,135,476	59,545,086
	23,618,117	16,901,201	80,828,373

6. Cost of sales

Raw materials consumed	10,903,744	8,883,459	31,372,245
Employee costs	348,559	321,927	1,444,488
Depreciation of property, plant and equipment	155,280	156,127	627,511
Depreciation of right of use assets	60,725	35,893	249,753
Manufacturing expenses	992,250	551,866	2,815,590
	12,460,558	9,949,272	36,509,587

7. Other income

Sale of scrap	85,199	83,220	176,855
Insurance claim	7,486	-	17,116
Other rental income	9,265	-	-
Other income	-	-	334
	101,950	83,220	194,305

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Notes to the Unaudited Financial Statements

	Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
8. Other operating gains (losses)			
Gains (losses) on disposals, scrappings and settlements			
Property, plant and equipment	5,207	-	39,127
Foreign exchange gains (losses)			
Net foreign exchange gains	(3,061,317)	-	228,373
Total other operating gains (losses)	(3,056,110)	-	267,500
9. Movement in credit loss allowances			
Trade receivables			
Impairment writeback/(charge) on trade receivables (Note 19)	-	-	8,958
Impairment (charge)/writeback on intercompany receivables (Note 19)	-	-	241
Impairment (charge)/writeback on staff loans (Note 19)	-	-	1,814
	-	-	11,013
10. Operating expenses			
10.1 Distribution cost			
Market activation	52,888	123,181	430,476
Branding expenses	33,410	149,956	415,426
Delivery expenses	4,699,357	2,916,069	16,971,203
Depreciation for trucks	208,338	280,364	1,171,475
	4,993,993	3,469,570	18,988,580

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Notes to the Unaudited Financial Statements

	Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
10. Operating expenses (continued)			
10.2 Administrative expenses			
Management fees	69,311	49,257	196,041
Auditors remuneration	12,055	7,187	35,250
Bank charges	16,964	17,533	66,519
Cleaning	17,675	22,150	85,771
Consulting and professional fees	38,194	74,792	109,173
Depreciation of property, plant and equipment	129,143	96,438	432,538
Depreciation right of use assets	747	654	2,740
Directors remuneration	70,563	45,066	188,555
Employee costs	694,632	447,208	2,320,457
Entertainment	13,788	17,471	52,651
Business development	2,748	7,572	66,949
Insurance	54,473	17,322	63,436
Petrol and oil	20,151	8,813	45,611
Printing and stationery	13,345	9,236	35,609
Repairs and maintenance	14,963	10,138	96,546
Secretarial fees	54,967	22,388	57,591
Security	21,444	20,865	107,644
Staff welfare	18,959	30,318	99,362
Telephone and fax	83,433	45,708	335,417
Travel - local	83,641	63,970	309,095
	1,431,196	1,014,086	4,706,955
11. Interest received			
Interest income on bank balances	11	1	4
Interest income on short term fixed deposit	418,725	141,484	927,494
Total Investment income	418,736	141,485	927,498
12. Interest paid			
Interest on borrowings	264,753	180,401	1,045,374
Interest on lease liabilities	93,184	78,271	389,934
Total	357,937	258,672	1,435,308

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Notes to the Unaudited Financial Statements

	Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
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13. Taxation

Major components of the tax expense

Current

Local income tax	551,703	730,291	5,914,547
Education tax	55,170	60,858	664,920
Police Trust Fund Levy	-	-	1,029
	606,873	791,149	6,580,496

Deferred

In respect of current year	-	-	279,394
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Split between current and deferred tax

Current tax	606,873	791,149	6,580,496
Deferred tax	-	-	279,394
	606,873	791,149	6,859,890

The charge for taxation in these unaudited financial statements is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004 and the Education Tax Act CAP E4, LFN 2004. Company tax and Tertiary Education Tax are calculated at 30% and 3% respectively of the estimated taxable profit for the year while Police Trust Fund levy is charged at 0.005% of profit before tax. The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:

Current tax liabilities in the statement of financial position

Current tax payable

1 January	6,595,908	3,118,746	3,118,746
Charge for the year	606,873	791,149	6,580,496
Payment during the year	(844,934)	(211)	(3,103,334)
	6,357,847	3,909,684	6,595,908

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Notes to the Unaudited Financial Statements

	Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
14. Deferred tax			
Deferred tax liability			
Property plant and equipment	(2,405,190)	(2,125,796)	(2,452,257)
Allowance for doubtful debt	-	-	99,211
Unrealised exchange difference	-	-	(75,363)
IFRS 16 Leases	-	-	23,219
Total deferred tax liability	(2,405,190)	(2,125,796)	(2,405,190)
Deferred tax asset			
Split between assets and liabilities			
Current liabilities	(2,527,620)	(2,356,442)	(2,527,620)
Current assets	122,430	230,646	122,430
	(2,405,190)	(2,125,796)	(2,405,190)
15. Earnings per share			
Basic earnings per share	186	248	518
From continuing operations (kobo per share)			
Basic earnings per share			
Reconciliation of earnings			
Profit or loss for the year attributable to equity holders	1,232,136	1,643,157	13,728,369
Weighted average number of ordinary shares as at 31 March 2024 ('000)	2,649,438	2,649,438	2,649,438
The Company has no potentially dilutive shares. Accordingly, The basic EPS and diluted EPS have the same values.			

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Notes to the Unaudited Financial Statements

16. Property, plant and equipment

Reconciliation of property, plant and equipment

	Freehold Land	Buildings	Tools and equipment	Plant and machinery	Furniture and fittings	Motor vehicles	Computer equipment	Capital - Work in progress	Total
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Cost									
At January 1, 2023	70,000	3,815,526	654,437	8,819,541	381,228	8,404,383	223,380	113,914	22,482,409
Additions	-	234,624	215,866	60,800	100,865	1,090,050	51,972	124,070	1,878,247
Disposals and scrappings	-	-	-	(15,781)	-	(1,408,189)	-	-	(1,423,970)
Reclassifications	-	113,914	-	-	-	-	-	(113,914)	-
At 31 December 2023	70,000	4,164,064	870,303	8,864,560	482,093	8,086,244	275,352	124,070	22,936,686
Additions	-	-	18,568	-	6,688	29,025	8,851	61,346	124,478
Disposals and scrappings	-	-	(14,070)	(184,137)	-	-	-	-	(198,207)
Reclassifications	-	-	83,474	-	-	-	-	(83,474)	-
At 31 March 2024	70,000	4,164,064	958,275	8,680,423	488,781	8,115,269	284,203	101,942	22,862,957
Depreciation and impairment									
At January 1, 2023	-	(298,979)	(455,948)	(2,805,849)	(195,564)	(6,106,305)	(150,913)	-	(10,013,558)
Disposals	-	-	-	6,312	-	1,399,545	-	-	1,405,857
Depreciation	-	(78,792)	(98,408)	(548,719)	(66,821)	(1,377,078)	(61,706)	-	(2,231,524)
At 31 December 2023	-	(377,771)	(554,356)	(3,348,256)	(262,385)	(6,083,838)	(212,619)	-	(10,839,225)
Disposals	-	-	14,070	104,344	-	-	-	-	118,414
Depreciation	-	(20,880)	(34,332)	(134,452)	(19,919)	(268,162)	(15,069)	-	(492,814)
At 31 March 2024	-	(398,651)	(574,618)	(3,378,364)	(282,304)	(6,352,000)	(227,688)	-	(11,213,625)
Carrying amount									
Cost	70,000	4,164,064	870,303	8,864,560	482,093	8,086,244	275,352	124,070	22,936,686
Accumulated depreciation and impairment	-	(377,771)	(554,356)	(3,348,256)	(262,385)	(6,083,838)	(212,619)	-	(10,839,225)
At 31 December 2023	70,000	3,786,293	315,947	5,516,304	219,708	2,002,406	62,733	124,070	12,097,461
Cost	70,000	4,164,064	958,275	8,680,423	488,781	8,115,269	284,203	101,942	22,862,957
Accumulated depreciation and impairment	-	(398,651)	(574,618)	(3,378,364)	(282,304)	(6,352,000)	(227,688)	-	(11,213,625)
At 31 March 2024	70,000	3,765,413	383,657	5,302,059	206,477	1,763,269	56,515	101,942	11,649,332

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Notes to the Unaudited Financial Statements

16. Property, plant and equipment (continued)

16.1 Capital Work-in-progress

Work-in-progress comprises amounts expended on construction of Chemical laboratories at Ota plant and renovation of canteen at Salt Village plant.

16.2 Adjustments to capital work-in-progress

No adjustment charged to statement profit or loss in the current period.

16.3 Asset pledged as security

None of the Company's assets were pledged as security for any liabilities as at 31 March, 2024 (2023:Nil).

16.4 Sale of Property, plant and equipment

Included in the gain on disposal of property, plant and equipment is N5.2 million gain arising on the sale of the Tomato Paste plant located in Ota, Ogun State, during the year. The plant had a carrying value of N79.8 million, and was disposed for N85 million, the proceeds of which were received during the year.

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17. Right of Use Assets

Right of Use Asset - Company

	Land N '000	Buildings N '000	Total N '000
Cost			
At 1 January 2023	3,243,011	1,337,908	4,580,919
Addition/adjustment	(170,072)	652,849	482,777
At 31 December 2023	3,072,939	1,990,757	5,063,696
1 January 2024	3,072,939	1,990,757	5,063,696
Additions	-	-	-
At 31 March 2024	3,072,939	1,990,757	5,063,696
Depreciation			
At 1 January 2023	-	(938,708)	(938,708)
At 31 December 2023	-	(938,708)	(938,708)
At 1 January 2024	-	(938,708)	(938,708)
Depreciation	-	(61,471)	(61,471)
At 31 March 2024	-	(1,000,179)	(1,000,179)
Carrying amount			
Cost	3,072,939	1,990,757	5,063,696
Accumulated depreciation	-	(938,708)	(938,708)
At 31 December 2023	3,072,939	1,052,049	4,124,988
Cost	3,072,939	1,990,757	5,063,696
Accumulated depreciation	-	(1,000,179)	(1,000,179)
At 31 March 2024	3,072,939	990,578	4,063,517

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18. Inventories

Raw materials	9,095,620	4,745,960	8,394,709
Work in progress	1,249	7,959	1,249
Finished goods	1,496,294	946,897	164,190
Spare parts and consumables	1,957,837	1,047,751	1,134,734
Oil and lubricants	350,020	387,530	325,423
Packaging materials	975,341	1,008,506	1,152,428
	13,876,361	8,144,603	11,172,733

During the year, there were no inventory written down/reversal to net realisable value.

The cost of inventories recognised as an expense during the year in respect of continuing operations was N10.90 billion (2023: N6.89 billion)

18.1 Inventory pledged as security

No inventory was pledged as security for any liability (2023: Nil).

19. Trade and other receivables

Financial instruments:

Trade receivables	1,580,386	908,297	974,105
Trade receivables - related parties (Note 34)	31,263,513	11,616,839	23,978,380
Loss allowance	(134,507)	(146,392)	(134,507)
	32,709,392	12,378,744	24,817,978
Interest receivables	762,711	309,450	713,438
VAT	1,519,447	-	1,064,988
Employee loans and advances	624,764	362,381	32,894
Loss allowance on employee loans and advances	(872)	(2,686)	(872)
Advances to suppliers	998,173	722,883	1,081,026
	36,613,615	13,770,772	27,709,452

Categorisation of trade and other receivables

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

At amortised cost	35,094,168	12,688,194	26,644,464
Non- financial instruments	1,519,447	1,082,578	1,064,988
	36,613,615	13,770,772	27,709,452

Exposure to credit risk

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

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19. Trade and other receivables (continued)

Reconciliation of loss allowances

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

Opening balance in accordance with IFRS 9	(135,379)	(146,392)	(146,392)
Provision (raised)/reversed on new related party receivables	-	-	241
Provisions reversed/(raised) on settled trade receivables	-	-	8,958
Provision (raised)/reversed on new staff loan	-	-	1,814
	(135,379)	(146,392)	(135,379)

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

Gross carrying amount as at 1 January	24,952,485	11,246,283	11,246,283
Revenue from third parties	23,618,117	16,901,201	80,828,373
Receipts from third parties	(15,726,703)	(16,868,660)	(78,751,035)
Rebates receivable from related party	-	1,246,312	11,628,864
Gross carrying amount	32,843,899	12,525,136	24,952,485

20. Other financial assets

Securities held at amortised cost

Fixed deposit	725,307	695,826	725,307
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The fixed deposit balance represents the aggregate amount of dividends that remained unclaimed after 15 months or more which the Registrars returned to the Company in line with current regulations invested with Meristem Wealth Management Limited.

21. Other assets

Prepayments:

Insurance prepaid	5,044	-	-
Deposit for import	2,040,249	4,638,332	2,040,249
Promotional items	2,828	39,424	3,406
Prepayment-Others	128,132	-	105,501
	2,176,253	4,677,756	2,149,156

22. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5,289	1,956	2,896
Bank balances	15,691,995	15,902,344	25,609,998
	15,697,284	15,904,300	25,612,894

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23. Share capital			
Authorised, issued and fully paid			
2,649,438,378 ordinary shares of 50k each	1,324,719	1,324,719	1,324,719
24. Share premium			
Issued			
Share premium	434,037	434,037	434,037
25. Retained earnings			
Opening balance	25,713,102	17,283,610	17,283,610
Profit for the year	1,232,136	1,643,157	13,728,369
Dividend declared and paid	-	-	(5,298,877)
	26,945,238	18,926,767	25,713,102
In 2023, an interim dividend of 100 kobo per ordinary was approved and paid on 17 November 2023 to the shareholders.			
A bonus issue in respect of the year ended 31 December 2023 amounting to 52,988,767.56 ordinary shares to be distributed as fully paid-up ordinary shares to existing shareholders whose name appears in the Register of Members as at the close of business on 6 May 2024, in the proportion of two (2) new ordinary shares of 50 kobo to every hundred (100) existing ordinary shares held by them was proposed at the board meeting held on February 27, 2024 and subject to approval at the Annual General Meeting.			
26. Dividend payable			
At 1 January	-	-	-
Dividend declared	-	-	5,298,877
Payments- Meristem Registers	-	-	(5,298,877)
	-	-	-
27. Borrowings			
At 1 January	5,532,669	4,831,451	4,831,451
Loan obtained during the year	-	-	701,218
Loan repayment	(1,563,384)	(1,580,420)	-
	3,969,285	3,251,031	5,532,669

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27. Borrowings (continued)

Split between non-current and current portions

Non-current liabilities	38,570	38,570	38,570
Current liabilities	3,930,715	3,212,461	5,494,099
	3,969,285	3,251,031	5,532,669

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

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

28. Lease liabilities

Lease liabilities

	Land N'000	Building N'000	Total N'000
Opening balance as at 1 January 2024	2,911,641	1,279,391	4,191,032
Interest expenses	66,918	26,266	93,184
Payments made during the year	(55,555)	(65,136)	(120,691)
Balance 31 March 2024	2,923,004	1,240,521	4,163,525

Lease liabilities

Current	76,981	237,655	314,636
Non-current	2,846,023	1,002,866	3,848,889
	2,923,004	1,240,521	4,163,525

Lease liabilities

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

Lease liabilities

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

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29. Retirement benefit obligation

Movement in gratuity

At beginning of the period	122,805	133,171	133,171
Benefit paid	-	(7,696)	(10,366)
	122,805	125,475	122,805

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

However, the Board resolved to eliminate the scheme effective January, 2013. The valuation of the liabilities is as of that date. The balance as at 31 March, 2024 represents what is owed to staff who are still in the service from the old scheme. Payments are disbursed to staff upon disengagement from the company.

As at 31 March, 2024 no fund has been set up from which payments can be disbursed.

Defined contribution plan

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

Staff pension

At beginning of the period	-	-	-
Contributions during the year	92,965	63,233	329,649
Remittance in the year	(92,965)	(63,205)	(329,649)
	-	28	-

The only obligation of the Company with respect to the pension scheme is to make the specified contributions. The total expense recognised in profit or loss of N51.60 million (2023: N35.17 million) represents contributions payable to this plan by the Company as at 31 March, 2024.

30. Trade and other payables

Financial instruments:

Trade payables	991,957	2,745,641	1,366,066
Amounts due to related parties (Note 34)	32,355,748	15,254,826	25,763,427
Unclaimed dividend	725,307	645,826	725,307
Accrued audit fees	10,600	6,937	19,400
Accrued expenses	2,461,024	2,593,716	2,937,287
Other payables	32,545	46,495	40,868
Staff pension	-	28	-

Non-financial instruments

Value added tax	-	49,986	-
Withholding tax payable	64,201	31,941	79,167
	36,641,382	21,375,396	30,931,522

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30. Trade and other payables (continued)

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

31. Contract liabilities

Summary of contract liabilities

Advance payment from customers	2,437,641	3,648,403	6,341,007
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32. Cash generated from operations

Profit before taxation		1,839,009	2,434,306	20,588,259
Adjustments for:				
Depreciation	16	492,814	532,929	2,231,524
Depreciation of right of use asset	17	61,471	36,548	252,493
Gains on disposals of property, plant and equipments	8	(5,207)	-	(39,127)
Lease modification		-	-	(24,269)
Unrealised exchange gain		-	-	228,373
Interest received	11	(418,736)	(141,485)	(927,498)
Interest paid	12	357,937	258,672	1,435,308
Impairment (reversal) for credit losses	9	-	-	(11,013)
Changes in working capital:				
Inventories	18	(2,703,628)	121,877	(2,906,253)
Trade and other receivables	19	(8,904,163)	(2,130,819)	(16,069,499)
Prepayments	21	(27,097)	880,991	3,409,591
Trade and other payables	30	5,709,860	1,197,806	10,753,935
Contract liabilities	31	(3,903,367)	1,549,089	4,241,693
Cash generated from operations		(7,501,107)	4,739,914	23,163,517

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33. Financial instruments and risk management

33.1 Capital risk management

The capital structure of the Company consists of net debt (which includes the borrowings disclosed in Note 27, offset by cash and bank balances and equity attributable to equity holders, comprising issued capital, reserves and retained earnings as disclosed in relevant notes in the financial statements. The Company monitors its capital structure to ensure that the target debt equity ratio as stated in its debt covenants is not exceeded. The Company is not subject to any externally imposed capital requirements.

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

		Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
Borrowings	27	3,969,285	3,251,031	5,532,669
Lease liabilities	28	4,163,525	4,055,607	4,191,032
Trade and other payables	30	36,641,382	21,348,449	30,931,522
Total debts		44,774,192	28,655,087	40,655,223
Cash and cash equivalents	22	(15,697,283)	(15,904,300)	(25,612,894)
Net debts		29,076,909	12,750,787	15,042,329
Equity		28,703,994	20,685,523	27,471,858
Gearing ratio		101 %	62 %	55 %

33.2 Financial risk management

Financial risk management

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

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

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

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

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

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

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33.3 Credit risk management

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

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

About 68% (2023: 90%) of the trade receivables are due from Bulk Commodities Limited, a related party, for rebate on purchase of Salt. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are otherwise diverse including both corporate entities and lots of individual end users. The requirement for impairment is analyzed at each reporting date on an individual basis for corporate and individual customers.

33.4 Liquidity risk management

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

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

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31 March 2024

		0-3 months	3-6 months	6-12 months	Over 1 year	Total	Carrying amount
		N'000	N'000	N'000	N'000	N'000	N'000
Borrowings	27	-	-	-	38,570	38,570	38,570
Lease liabilities	28	-	-	-	5,269,167	5,269,167	3,848,889
Trade and other payables	28	15,127,819	12,412,842	3,661,653	5,374,867	36,577,181	36,577,181
Borrowings	27	-	-	3,930,715	-	3,930,715	3,930,715
Lease liabilities	28	89,444	83,333	241,944	-	414,721	314,636
Total financial liabilities		15,217,263	12,496,175	7,834,312	10,682,604	46,230,354	44,709,991

Company - 31 December 2023

		0-3 months	3-6 months	6-12 months	Over 1 year	Total	Carrying amount
		N'000	N'000	N'000	N'000	N'000	N'000
Borrowings	27	-	-	-	38,570	38,570	38,570
Lease liabilities	28	-	-	-	5,605,278	5,605,278	3,893,818
Trade and other payables	30	22,282,430	1,283,727	501,888	6,863,477	30,931,522	30,852,355
Borrowings	27	701,217	-	4,792,882	-	5,494,099	5,494,099
Lease liabilities	28	150,833	89,444	174,444	297,214	711,935	297,214
Total financial liabilities		23,134,480	1,373,171	5,469,214	12,804,539	42,781,404	40,576,056

33.5 Foreign currency risk

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

33.6 Deposits with banks and other financial institutions

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

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34. Related parties

Related party balances

	Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
Intercompany receivables Parent and ultimate controlling party			
Dangote Industries Limited (Parent)	6,124,106	-	6,000,000
Other related party receivables			
Dangote Cement Plc (Benue Plant)	-	900	-
Dangote Sugar Refinery	-	109,726	10,459
Dancom Technologies Limited	-	64	-
West African Popular Foods*	62,243	62,243	62,243
Bulk Commodities Limited	25,077,164	11,443,906	17,905,678
	31,263,513	11,616,839	23,978,380
Intercompany payables			
Dangote Industries Limited (Parent)	186,471	1,872,382	735,602
Other related party payables			
Dangote Sugar Refinery Plc	46,790	-	-
Dancom Technologies Limited	7,300	-	22,832
Greenview Development Nigeria Limited	2,260,457	181,263	1,354,811
Bluestar Shipping Line Limited	26,873	10,587	33,415
Dangote Cement Plc. (Obajana Plant)	3,501	24,178	3,499
Aliko Dangote Foundation	9,771	3,089	-
Dangote Packaging Limited	278,337	105,693	204,902
Dangote Industries Limited (Central Stores)	2,453	102,277	6,013
Dangote Cement Plc (Head Office)	2,858,832	2,530,458	1,281,083
Dangote Cement Plc. (Benue Plant)	-	77,602	-
Dangote Cement Plc. (Benue Plant Truck scheme)	219,311	219,311	219,311
Dangote Cement Plc. (Ibese Plant)	21,632	-	-
Dangote Fertilizer Limited	70,552	-	25,059
Bulk Commodities Limited	26,363,468	10,127,986	21,876,900
	32,355,748	15,254,826	25,763,427

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

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34. Related parties (continued)

Relationships

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

35. Compensation to directors

	Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
Short-term employee benefits	70,563	45,066	188,555
	70,563	45,066	188,555
Directors fee and expenses			
Directors fees	1,375	1,375	5,500
Directors expenses	69,188	43,691	183,055
	70,563	45,066	188,555
The number of Directors with gross emoluments within the bands stated below were: N'000			
	Number	Number	Number
1 — 30,000	10	10	10

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	Reviewed 3 Months ended 31 March 2024 N '000	Reviewed 3 Months ended 31 March 2023 N '000	Audited 12 Months ended 31 December 2023 N '000
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36. Employee costs

Average number of persons employed during the year

Distribution cost	Number	Number	Number
Management	86	66	86
Senior staff	229	221	224
Junior staff	372	351	363
	687	638	673

The table shows the number of employees (excluding directors) whose earnings during the period fell within the ranges shown below:
(N'000)

	Number	Number	Number
N1 - N5,000	655	632	544
N5,001 - N10,000	32	6	91
N10,001 - N15,000	-	-	16
N15,001 - N20,000	-	-	11
N20,001 and above	-	-	11
	687	638	673

37. Commitments

The Company's total capital commitments as at 31 March 2024 amounted to N101 million in respect of plant rehabilitation (2023: N420 million).

38. Contingent assets and Contingent liabilities

38.1 Pending litigation and claims.

There are certain lawsuits and claims pending against the Company in various courts of law which are being handled by external legal counsels. The contingent liabilities in respect of pending litigation and claims amounted to N13.0 million as at 31 March 2024. (2023 - N13.0 million). In the opinion of the Directors and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claim, thus no provision has been made in these financial statements.

38.2 Financial commitments

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

39. Securities Trading Policy

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

40. Approval of Unaudited financial statements

The Board approved the unaudited financial statements during its meeting of 29 April 2024.