

Deloitte.



NASCON Allied Industries Plc
(Registration number 11364)
Financial statements
for the year ended December 31, 2017

NASCON Allied Industries Plc

(Registration number 11364)

Financial Statements for the year ended December 31, 2017

Directors, Officers and Professional Advisers

Country of incorporation and domicile	Nigeria																				
Nature of business and principal activities	Principal activities of the Company during the year include processing of raw salt into refined, edible and industrial salt. The company also produces Seasoning and Vegetable Oil.																				
Directors	<table><tr><td>Mrs 'Yemisi Ayeni</td><td>Chairperson</td></tr><tr><td>Mr. Paul Farrer</td><td>Managing Director</td></tr><tr><td>Ms. Fatima Aliko Dangote</td><td>Executive Director</td></tr><tr><td>Mr. Olakunle Alake</td><td>Director</td></tr><tr><td>Ms. Halima Aliko Dangote</td><td>Director</td></tr><tr><td>Alhaji Abdu Dantata</td><td>Director</td></tr><tr><td>Alhaji M. S. Ladan-Baki</td><td>Director</td></tr><tr><td>Professor Chris Ogbechie</td><td>Director</td></tr><tr><td>Mr. Knut Ulvmoen</td><td>Director</td></tr><tr><td>Mrs Fatima Wali-Abdurrahman</td><td>Director</td></tr></table>	Mrs 'Yemisi Ayeni	Chairperson	Mr. Paul Farrer	Managing Director	Ms. Fatima Aliko Dangote	Executive Director	Mr. Olakunle Alake	Director	Ms. Halima Aliko Dangote	Director	Alhaji Abdu Dantata	Director	Alhaji M. S. Ladan-Baki	Director	Professor Chris Ogbechie	Director	Mr. Knut Ulvmoen	Director	Mrs Fatima Wali-Abdurrahman	Director
Mrs 'Yemisi Ayeni	Chairperson																				
Mr. Paul Farrer	Managing Director																				
Ms. Fatima Aliko Dangote	Executive Director																				
Mr. Olakunle Alake	Director																				
Ms. Halima Aliko Dangote	Director																				
Alhaji Abdu Dantata	Director																				
Alhaji M. S. Ladan-Baki	Director																				
Professor Chris Ogbechie	Director																				
Mr. Knut Ulvmoen	Director																				
Mrs Fatima Wali-Abdurrahman	Director																				
Company Secretary	Adedayo A. Samuel																				
Registered office	Salt City Ijoko Ota Ogun State																				
Registrar And Transfer Office	Meristem Registrars Limited 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos																				
Auditors	Deloitte & Touche Chartered Accountants Civic Towers, Plot GA 1, Ozumba Mbadiwe Avenue, Victoria Island, Lagos																				
Ultimate holding company	Greenview International Corporation																				
Bankers	Ecobank Limited Access Bank Plc UBA Plc Fidelity Bank Plc Skye Bank Plc Sterling Bank Plc Zenith Bank Plc GTBank Plc Jaiz Bank Limited Union Bank Plc																				

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Results at a glance

	2017	2016
	N.'000	N.'000
Revenue	27,064,325	18,291,792
Profit before taxation	7,909,488	3,516,331
Taxation	(2,565,896)	(1,101,148)
Profit for the year	5,343,592	2,415,183
Proposed dividend	3,974,158	1,854,607
	<hr/>	<hr/>
Share capital	1,324,719	1,324,719
Shareholders' fund	11,535,212	8,046,227
	<hr/>	<hr/>
Per 50 kobo share data (kobo)		
Earnings	202	91
Dividend	150	70

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Report of the Directors

For the year ended December 31, 2017

The Directors are pleased to submit their report together with the audited financial statements of the Company for the year ended December 31, 2017.

1. Review of activities

Principal activities

Net profit of the Company after taxation of 2017: N5.34 billion

Proposed final dividend for 2017 is N3.97 billion

2. Legal form

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

3. Directors and Director' Interests

3.1 The directors of the company during the year and to the date of this report are as follows:

Mrs Yemisi Ayeni	Chairperson
Mr. Paul Farrer	Managing Director
Ms. Fatima Aliko Dangote	Executive Director
Mr. Olakunle Alake	
Ms. Halima Aliko Dangote	
Alhaji Abdu Dantata	
Alhaji M. S. Ladan-Baki	
Professor Chris Ogbechie	
Mr. Knut Ulvmoen	
Mrs Fatima Wali-Abdurrahman	

3.2 By virtue of Section 259 (1) & (2) of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, one-third of the Directors of the Company who have been longest in office since their last election shall retire from office and in accordance with this section, Mr. Olakunle Alake, Ms. Halima Aliko Dangote and Professor Chris Ogbechie are retiring by rotation and being eligible, offer themselves for re-election.

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

3.4 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 of Nigeria, Cap C20 LFN 2004, are as follows:

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Report of the Directors

Directors Shareholding

	As at December 31, 2016	As at December 31, 2017	As at March 5, 2018
(a) Mrs Yemisi Ayeni	-	-	-
(b) Mr. Paul Farrer	-	-	-
(c) Ms. Fatima Aliko Dangote	-	-	-
(d) Mr. Olakunle Alake	4,170,000	4,170,000	4,170,000
(e) Ms. Halima Aliko Dangote	-	-	-
(f) Alhaji Abdu Dantata	2,758,673	2,500,000	2,500,000
(g) Alhaji M. S. Ladan-Baki	2,000,000	1,197,694	1,197,694
(h) Prof. Chris Ogbachie	-	-	-
(i) Mr. Knut Ulvmoen	-	-	-
(j) Mrs Fatima Wali-Abdurrahman	-	-	-

Share capital history

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

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Report of the Directors

4. Directors' Responsibilities

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Company in accordance with Companies and Allied Matters Act of Nigeria, Cap C20 LFN 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.

5. 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 Board meetings is impressive.

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

The remuneration of the Executive Directors is fixed.

The Board of Directors consists of 10 members; The Chairperson, 2 Executive Directors and 7 Non Executive-Directors out of which 3 are Independent.

Appointment to the Board is made by shareholders at the Annual General Meeting upon retirement of a Director.

The Board, from time to time, routinely empowers committees to examine and deliberate on finance and establishment related issues.

6. Substantial interest in shares

The Registrar has advised that according to the Register of Members on December 31, 2017, Dangote Industries Limited with 1,647,763,557 ordinary shares of 50k each and Stanbic IBTC Nominees Limited with 153,347,537 ordinary shares of 50k each held more than 5% of the issued share capital of the Company.

7. Non-current assets

Movements in Property, Plant and Equipment during the year are shown in Note 19 to the financial statements. In the opinion of the Directors, the market value of the company's properties is not less than the value shown in the financial statements.

8. Events after the reporting period

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 December 31, 2017 and the profit for the year ended on that date, which have not been adequately recognized.

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Financial Statements for the year ended December 31, 2017

Report of the Directors

9. Company Distributors

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

10. Suppliers

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

11. Analysis of shareholdings

Analysis of shareholdings as at December 31, 2017

Range	No. of Holders	Percent	Units	Percent
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
	34,261	100	2,649,438,378	100

12. Human resources

12.1 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.

12.2 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 which have been further strengthened by the installation of pest and rodent control gadgets. Safety and environment workshops have been organised for all employees with a broad focus on good house-keeping to ensure good and safe working environment.

12.3 Employee Development

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

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Financial Statements for the year ended December 31, 2017

Report of the Directors

13. Audit committee

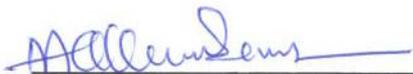
The Company, pursuant to Section 359(3) of the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004 has put in place an Audit Committee comprising three shareholders and three Directors as follows:

Dr. Okey Nwuke	- Shareholder/Chairman
Dr Umar Farouk	- Shareholder/Member
Alhaja Kudaisi Ayodele Sarat	- Shareholder/Member
Ms. Halima Aliko Dangote	- Director/Member
Alhaji Abdu Dantata	- Director/Member
Professor Chris Ogbegie	- Director/Member

14. Auditors

Messers Deloitte & Touche (Chartered Accountants) have completed their ten years statutory period of audit as the Company's Auditors in accordance with SEC and FRCN regulations. A resolution will be proposed authorising the Directors to appoint Price Waterhouse Coopers as the new Auditors and to fix their remuneration.

By Order of the Board



Adedayo A. Samuel
Company Secretary
FRC/2016/NBA/00000015291

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

Monday, March 5, 2018

NASCON Allied Industries Plc

(Registration number 11364)

Financial Statements for the year ended December 31, 2017

Corporate Governance Report

1. General information

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

The Corporate Governance policies adopted by the Board of Directors are designed to ensure that the Company's business is conducted in a fair, honest and transparent manner which conforms to high ethical standards. The Board delegates the day-to-day running of the Company's affairs to the Managing Director/Chief Executive Officer supported in this task by an Executive Management Committee. The Board currently consists of Ten (10) members, Chairperson, 2 executive and seven (7) non executive directors.

1.1 Responsibilities of the Board of Directors

It is the responsibility of the Board of Nascon Allied Industries 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 (Nigerian Stock Exchange, Corporate Affairs Commission, Securities and Exchange Commission) and shareholders.

Ensure value creation for shareholders, employees and other stakeholders.

Review and approve corporate policies, strategy, annual budget and business plan.

Monitor implementation of policies and the strategic direction of the Company.

Set performance objectives, monitor implementation and corporate performance.

Review and approve all major capital expenditure of the Company.

Ensure that the statutory rights of shareholders are protected at all times.

2. Meeting of the Board of Directors

The Board of Directors holds several meetings in the 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.

2.1 Record of Director's meetings

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

Board Meetings and Attendance for the Year 2017

Name	24/01/2017	28/03/2017	27/04/2017	4/05/2017	28/07/2017	23/10/2017	19/12/2017
Mrs 'Yemisi Ayeni	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Paul Farrer	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Fatima Aliko Dangote	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mr. Olakunle Alake	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Ms. Halima Aliko Dangote	Yes	Yes	Yes	Yes	Yes	No	No
Alhaji Abdu Dantata	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Alhaji M. S. Ladan-Baki	No	Yes	Yes	Yes	Yes	No	Yes
Professor Chris Ogbechie	Yes	Yes	Yes	Yes	Yes	No	Yes
Mr. Knut Ulvmoen	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mrs Fatima Wali- Abdurrahman	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Alhaji M.S. Ladan-Baki was on approved work assignment with a related party company.

Ms. Halima Aliko Dangote was on approved leave absence.

3. 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 and 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 either of these committees.

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Corporate Governance Report

3.1 The Finance Committee

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

Professor Chris Ogbechie	Chairman
Mr. Paul Farrer	Member
Ms. Fatima Aliko Dangote	Member
Mr. Olakunle Alake	Member
Ms. Halima Aliko Dangote	Member
Alhaji Abdu Dantata	Member
Alhaji M.S Ladan-Baki	Member

Finance Committee Meetings and Attendance 2017

Name	20/01/2017	27/03/2017	26/04/2017	27/07/2017	18/10/2017
Professor Chris Ogbechie	Yes	Yes	Yes	Yes	Yes
Mr. Paul Farrer	Yes	Yes	Yes	Yes	Yes
Ms. Fatima Aliko Dangote	Yes	Yes	Yes	Yes	Yes
Mr. Olakunle Alake	Yes	Yes	Yes	Yes	Yes
Ms. Halima Aliko Dangote	No	Yes	No	Yes	No
Alhaji Abdu Dantata	Yes	Yes	Yes	Yes	Yes
Alhaji M.S Ladan-Baki	Yes	Yes	Yes	Yes	No

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

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

3.2 The Establishment Committee

The committee is comprised five (5) Directors

Mr. Knut Ulvmoen	-	Chairman
Mr. Paul Farrer	-	Member
Ms. Fatima Aliko Dangote	-	Member
Ms. Halima Aliko Dangote	-	Member
Mrs Fatima Wali-Abdurrahman	-	Member

Establishment Committee Meetings and Attendance 2017

Name	20/01/2017	26/04/2017	26/07/2017	19/10/2017
Mr. Knut Ulvmoen	Yes	Yes	Yes	Yes
Mr. Paul Farrer	Yes	Yes	Yes	Yes
Ms. Fatima Aliko Dangote	Yes	Yes	Yes	Yes
Ms. Halima Aliko Dangote	No	No	No	No
Mrs Fatima Wali-Abdurrahman	Yes	Yes	Yes	Yes

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

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

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Report of the Audit Committee

This report is provided by the Audit Committee appointed in respect of the 2017 financial year of NASCON Allied Industries Plc.

1. Members of the Audit Committee

The Audit Committee is made up of six (6) members, three (3) representatives of Shareholders and three (3) 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 and include:

Name	Position
Dr. Okey Nwuke	Chairman/Shareholders' Representative
Dr. Umar Farouk	Shareholders' Representative
Alhaja Kudaisi Ayodele Sarat	Shareholders' Representative
Ms. Halima Aliko Dangote	Director
Alhaji Abdu Dantata	Director
Professor Chris Ogbachie	Director

2. Meetings held by the Audit Committee

The committee held five scheduled meetings during 2017

Name	01/02/2017	27/03/2017	06/06/2017	31/07/2017	24/10/2017
Dr. Okey Nwuke	Yes	Yes	Yes	Yes	Yes
Dr. Umar Farouk	Yes	Yes	Yes	Yes	Yes
Alhaja Kudaisi Ayodele Sarat	Yes	Yes	Yes	Yes	Yes
Ms. Halima Aliko Dangote	Yes	Yes	Yes	Yes	No
Alhaji Abdu Dantata	Yes	Yes	Yes	Yes	Yes
Professor Chris Ogbachie	Yes	Yes	Yes	No	No

3. Audit Committee Responsibilities

Ensuring the independence and objectivity of the Audit.

Reviewing the adequacy and effectiveness of NASCON Allied Industries Plc's internal control policies prior to endorsement by the Board.

Directing and supervising investigations into matters within its scope, such as evaluation of the effectiveness of NASCON Allied Industries Plc's internal controlst.

In addition to the above stated responsibilities, the Committee carries out all such other functions as stipulated by the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004.

4. Insider Trading Policy

In accordance with Section 14 of the Nigerian Stock Exchange Amended Listing Rules, the Board has put in place a Security Trading Policy which applies to all Directors and Employees and also to those who may at any time possess, any insider or material information about the Company.

The Security Trading Policy as endorsed by the Board is in substantial conformity with the standard set out in Section 14 of the Amended Listing Rules.

Accordingly, it is hereby confirmed that, after specific inquiries of all the Directors of the Company, they have all confirmed their compliance with the Policy in the period before the Company results were announced for the 2017 financial year. There is no case of non-compliance with the Policy.

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

5. External Auditors

In accordance with the provisions of Section 359(6) of Companies and Allied Matters Act of Nigeria, CAP C20 LFN 2004, we have examined the Auditors' report for the year ended December 31, 2017. We have obtained all the information and explanations we required.

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Report of the Audit Committee

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

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



Dr. Okey Nwuke
Chairman, Statutory Audit Committee
FRC/2017/ICAN/0000016523
March 5, 2018

Members of the Committee

Dr Umar Farouk

Alhaja Kudaisi Ayodele Sarat

Ms. Halima Aliko Dangote

Alhaji Abdu Dantata

Professor Chris Ogbechie

NASCON Allied Industries Plc

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Financial Statements for the year ended December 31, 2017

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

For the year ended December 31, 2017

The Directors of NASCON Allied Industries Plc are responsible for the preparation of the Financial Statements that give a true and fair view of the financial position of the Company as at December 31, 2017, and the results of its operations, statement of cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards and in the manner required by Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004, and the Financial Reporting Council Of Nigeria Act.

In preparing the consolidated Financial Statements, the Directors are responsible for:

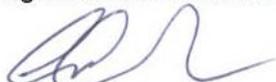
- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRS are insufficient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

The Directors are responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
- Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which 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 set out on pages 17 to 62, for the year ended December 31, 2017, were approved by the Board on March 5, 2018

Signed on behalf of the Board of Directors By:



Professor Chris Ogbechie
Director
FRC/2015/IODN/0000011213



Mr. Paul Farrer
Managing Director
FRC/2016/IODN/0000015797

Independent Auditor's Report

To the Shareholders of NASCON Allied Industries Plc

Opinion

We have audited the accompanying financial statements of **NASCON Allied Industries Plc** which comprise the statement of financial position as at 31 December 2017, the statements of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flow for the year then ended, and the notes to the financial statements including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of NASCON Allied Industries Plc as at 31 December 2017 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act Cap C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Company in accordance with the requirements of the Institute of Chartered Accountants of Nigeria Professional Code of Conduct and Guide for Accountants (ICAN Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the ICAN Code and in accordance with other ethical requirements applicable to performing audits in Nigeria. The ICAN Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

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

Key Audit Matters

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

Key Audit Matter

How the matter was addressed in the audit

Impairment of vegetable oil and tomato paste plants

The Company commissioned the vegetable oil and the tomato paste plants in 2015. These plants have been idle since early 2016 due to the inability of the Company to get raw material as a result of Government legislation on import materials that are not eligible for Foreign exchange.

Based on the above mentioned impairment indicator, the Directors carried out impairment test on the plants using discounted cash flow model in line with the guidance contained in IAS 36.

In estimating the value in use of the plants, the directors made some judgements and assumptions as disclosed in Note 3.1.3 of the financial statements.

The result of the test showed that the assets were not impaired.

Accordingly, for the purposes of our audit, we have identified the impairment of vegetable oil and tomato paste plants as matters requiring significant audit attention due to the possibility of the carrying value of the plants exceeding the recoverable value.

As at the year end, the value of both plants included in property plant and equipment balance disclosed in Note 19 was N2.7billion.

In evaluating Directors' impairment test, we carried out substantive audit test on the Impairment analysis. We also checked compliance with the requirements of IAS 36.

We carried out the following audit procedures:

- Reviewed the measurement methods used by the Company and challenged the Directors' decision to choose the method used (Discounted cash flow model).
- Involved our internal experts in the review of the Directors cash flows projection, Impairment analysis, related assumptions and other supporting computations.
- Obtained and reviewed supporting documents and other evidence provided to support the Directors' future plans, which were incorporated in the cash flows projection.
- Analysed the future projected cash flows used in the models to determine whether they are reasonable and consistent with the current operating environment.
- Performed sensitivity analysis to assess the impact of any changes in the assumptions and inputs.

Our audit review, including the review carried out by our internal experts did not reveal any material misstatements.

Other Information

The Directors are responsible for the other information. The other information comprises the Directors' Report, Audit Committee's Report, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of the financial statements that gives true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act CAP C20 LFN 2004, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the audit committee and the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee and Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee and the Directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Company has kept proper books of account, so far as appears from our examination of those books.
- iii) The Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.



Ijeoma Onwu, FCA - FRC/2013/ICAN/0000001364

For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
8 March, 2018



NASCON Allied Industries Plc

(Registration number 11364)

Financial Statements for the year ended December 31, 2017

Statement of Profit or Loss and Other Comprehensive Income

	Note(s)	2017 N. '000	2016 N. '000
Revenue	5	27,064,325	18,291,792
Cost of sales	7	(17,070,310)	(12,374,098)
Gross profit		9,994,015	5,917,694
Other income	9	11,296	18,484
Distribution costs	10.2	(604,718)	(638,189)
Administrative expenses	10.1	(1,773,737)	(1,479,315)
Operating profit	15	7,626,856	3,818,674
Investment income	8	354,745	55,328
Finance costs	13	(72,113)	(357,671)
Profit before taxation		7,909,488	3,516,331
Taxation	16	(2,565,896)	(1,101,148)
Profit for the year		5,343,592	2,415,183
Other comprehensive income		-	-
Total comprehensive income for the year		5,343,592	2,415,183
Earnings per share			
Per share information			
Basic earnings per share (Kobo)	18	202	91

The accounting policies on pages 21 to 33 and the notes on pages 34 to 64 form an integral part of the Financial Statements.

NASCON Allied Industries Plc

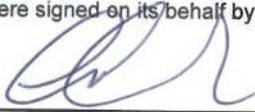
(Registration number 11364)

Financial Statements for the year ended December 31, 2017

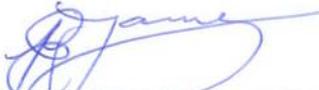
Statement of Financial Position as at December 31, 2017

	Note(s)	2017 N. '000	2016 N. '000
Assets			
Non-Current Assets			
Property, plant and equipment	19	9,419,203	6,346,688
Intangible assets	20	-	47,374
Other assets	21	1,838	5,513
		9,421,041	6,399,575
Current Assets			
Inventories	22	3,016,787	2,720,232
Trade and other receivables	23	5,603,540	10,178,751
Other financial assets	25	468,791	-
Other assets	21	2,136,348	2,812,640
Cash and bank balances	24	9,476,740	2,492,069
		20,702,206	18,203,692
Total Assets		30,123,247	24,603,267
Equity and Liabilities			
Equity			
Share capital	26	1,324,719	1,324,719
Share premium	27	434,037	434,037
Retained earnings	28	9,776,456	6,287,471
		11,535,212	8,046,227
Liabilities			
Non-Current Liabilities			
Borrowings	30	38,570	38,570
Retirement benefit obligation	31	222,134	249,635
Deferred tax	17	1,712,001	1,143,882
		1,972,705	1,432,087
Current Liabilities			
Trade and other payables	32	14,629,955	14,252,728
Current tax liabilities	16	1,985,375	872,225
		16,615,330	15,124,953
Total Liabilities		18,588,035	16,557,040
Total Equity and Liabilities		30,123,247	24,603,267

The Financial Statements and the notes on pages 17 to 62, were approved by the Board of Directors on March 5, 2018 and were signed on its behalf by:



Professor Chris Ogbechie
Director
FRC/2015/IODN/0000011213



Paul Farrer
Managing Director
FRC/2016/IODN/0000015797



Tunde Iwamofe
Finance Controller
FRC/2013/ICAN/0000002247

The accounting policies on pages 21 to 32, and the notes on pages 33 to 62 form an integral part of the Financial Statements.

NASCON Allied Industries Plc

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Financial Statements for the year ended December 31, 2017

Statement of Changes in Equity

	Share capital	Share premium	Retained income	Total equity
	N. '000	N. '000	N. '000	N. '000
Balance at January 1, 2016	1,324,719	434,037	5,329,479	7,088,235
Profit for the year	-	-	2,415,183	2,415,183
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	2,415,183	2,415,183
Dividends	-	-	(1,457,191)	(1,457,191)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(1,457,191)	(1,457,191)
Balance at January 1, 2017	1,324,719	434,037	6,287,471	8,046,227
Profit for the year	-	-	5,343,592	5,343,592
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	5,343,592	5,343,592
Dividends	-	-	(1,854,607)	(1,854,607)
Total contributions by and distributions to owners of company recognised directly in equity	-	-	(1,854,607)	(1,854,607)
Balance at December 31, 2017	1,324,719	434,037	9,776,456	11,535,212

The accounting policies on pages 21 to 33, and the notes on pages 34 to 64 form an integral part of the Financial Statements.

NASCON Allied Industries Plc

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Financial Statements for the year ended December 31, 2017

Statement of Cash Flows

	Note(s)	2017 N. '000	2016 N. '000
Cash flows from operating activities			
Cash receipts from customers		26,778,211	18,509,103
Cash paid to suppliers and employees		(12,057,832)	(15,740,394)
Cash generated from operations	33	14,720,379	2,768,709
Tax paid	16	(884,626)	(530,212)
Net cash provided from operating activities		13,835,753	2,238,497
Cash flows from investing activities			
Purchase of property, plant and equipment	19	(4,815,362)	(535,361)
Proceed from sale of property, plant and equipment		5,046	5,010
Purchase of short term investment	25	(468,791)	-
Interest received	8	354,745	55,328
Net cash used in investing activities		(4,924,362)	(475,023)
Cash flows from financing activities			
Dividends paid	29	(1,854,607)	(1,457,191)
Interest paid	13	(72,113)	(357,671)
Net cash used in financing activities		(1,926,720)	(1,814,862)
Cash and cash equivalents for the year		6,984,671	(51,388)
Cash and cash equivalents at 1 January		2,492,069	2,543,457
Total cash and cash equivalents at end of the year	24	9,476,740	2,492,069

The accounting policies on pages 21 to 33, and the notes on pages 34 to 64 form an integral part of the Financial Statements.

NASCON Allied Industries Plc

(Registration number 11364)

Financial Statements for the year ended December 31, 2017

Accounting Policies

1 General information

NASCON Allied Industries Plc (Formerly known as National Salt Company of Nigeria.) was incorporated in Nigeria as a limited liability company on 30 April 1973. It was fully privatised in April, 1992 and became listed on the 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 62.19% of the issued share capital, while the remaining 37.81% is held by the Nigerian public.

The ultimate controlling party is Greenview International Corporation

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

1.1 The principal activity

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

1.2 Financial period

The financial statements cover the financial year from January 1, 2017 to December 31, 2017 with comparatives for the year ended December 31, 2016.

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 Financial Statements are prepared on a going concern basis.

2 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.

NASCON Allied Industries Plc

(Registration number 11364)

Financial Statements for the year ended December 31, 2017

Accounting Policies

2 Significant accounting policies (continued)

2.1 Statement of Compliance with IFRS

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

2.2 Basis of measurement

The 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.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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 share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

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

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

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.

NASCON Allied Industries Plc

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Financial Statements for the year ended December 31, 2017

Accounting Policies

2.3 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.

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 financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

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 recognition

Revenue is measured as the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, after deducting discounts, customer returns, VAT, volume rebates and other similar allowance. Sales are stated at their invoiced amount which is net of value added taxes and discounts.

Revenue from the sale of goods is recognised when all the following conditions have been 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.

2.5 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.

2.6 Employee benefits

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.

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Financial Statements for the year ended December 31, 2017

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

2.8 Property, plant and equipment

2.8.1 Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. 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.

2.8.2 Subsequent costs

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

NASCON Allied Industries Plc

(Registration number 11364)

Financial Statements for the year ended December 31, 2017

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 years are as follows:

Buildings	50 years
Plant and machinery	15 years
Furniture and Fittings	5 years
Motor vehicles	4 years
Tools and Equipment	4 years
Computer Equipment	3 years

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

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

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees 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.

2.9 Leases

Leases are classified as a finance lease 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 leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted.

Any contingent rentals are expensed in the period 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.

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Financial Statements for the year ended December 31, 2017

Accounting Policies

2.10 Intangible assets

The 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 assets 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 assets, 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 derecognised.

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.

2.11 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 inventories comprises of all costs of purchase, conversion cost (materials, labour and overhead) and other costs incurred to bring inventories to their present location and condition. Finished goods, which include direct labour and factory overheads, are valued at standard cost adjusted at year-end on an actual cost basis.

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

2.12 Provisions

Provisions are recognised when:

the company has a present obligation as a result of a past event;

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2.12 Provisions (continued)

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

2.12.1 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 determine 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 the Company does 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.

2.13 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.

Classification

The Company classifies financial assets into the following specified categories:

- Financial assets at fair value through profit or loss
- Held-to-maturity investment
- Loans and receivables
- Available-for-sale financial assets

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.

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Accounting Policies

2.13 Financial instruments (continued)

Initial recognition and measurement

Financial instruments are recognised initially when the Company becomes a party to the contractual provisions of the instruments.

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability(debt) or an equity instrument in accordance with the substance of the contractual arrangement.

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.

Subsequent measurement

Financial instruments at fair value through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in profit or loss for the period.

Net gains or losses recognised in profit or loss include interest.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

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 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 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.

Financial instruments designated as 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.

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Accounting Policies

2.13 Financial instruments (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, at each reporting date the Company assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

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.

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.

The Company derecognises financial liabilities when, and only when the 0.73 billion'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 0.74 billion.

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.

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.

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Financial Statements for the year ended December 31, 2017

Accounting Policies

2.13 Financial instruments (continued)

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.

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.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit and loss' (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;
- 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.

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.

Bank overdraft and borrowings

Bank overdrafts and borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the company's accounting policy for borrowing costs.

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Financial Statements for the year ended December 31, 2017

Accounting Policies

2.13 Financial instruments (continued)

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.

These include loans to and from holding companies, fellow subsidiaries, subsidiaries, joint ventures and associates and are recognised initially at fair value plus direct transaction costs.

Loans to group companies are classified as loans and receivables.

Loans from group companies are classified as financial liabilities measured at amortised cost.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

2.14 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.

2.15 Government grants

Government grants are recognised when there is reasonable assurance that:
the company will comply with the conditions attaching to them; and
the grants will be received.

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

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

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

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Accounting Policies

3 Critical accounting judgement and key sources of estimation uncertainty

In the application of the Company's significant accounting policies, described in Note 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 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 Useful life of property, plant and equipment

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

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

3.1.2 Allowances 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.

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Accounting Policies

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

3.1.3 Impairment Assessment on Vegetable Oil and Tomato Paste Plants

Determining whether an asset is impaired requires an estimation of the value in use of the cash generating units. The value in use calculation requires the Directors to estimate the future cash flows expected to arise from the cash generating unit and a suitable discount rate in order to calculate present value.

Where the actual future cash flows are less than expected, a material impairment loss may arise. During the year, the Director carried out an impairment assessment of the Vegetable Oil and Tomato Paste Plant. The carrying amount of the plants as at 31 December, 2017 was N2.76 billion (31 December, 2016 N2.94 billion). Based on the assessment carried out, the two plants are not impaired.

The following were the judgements and assumptions made by the Directors.

Risk free rate of 14.12%. The yield to maturity of the 10 year FGN bond has been adopted as proxy for risk free rate on the Naira cash flows expected to be generated by the plants.

Equity risk premium of 11.42% representing the returns investors expect above the risk-free rate, as compensation for taking extra risk by investing in the equity securities.

Beta estimate of 0.89. Our beta estimate reflects the correlation between the returns reported by companies in the food processing industry relative to the rest of the equities market.

Debt to equity ratio of 45.75%, representing the average capital structure adopted by companies operating within the food processing industry.

4% company specific premium to compensate for the specific risks potentially inherent in Nascon Allied Industries Plc Limited's operations.

Key drivers of the business are Governments focus on backward integration which will improve sourcing of raw materials and Dangote group's agricultural backward integration program.

Pre tax interest rate on loan is 20% while tax rate is 32% (corporate tax of 30% and education tax of 2%).

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Notes to the Financial Statements

4. New Standards and Interpretations

4.1 Standards and interpretations effective and adopted in the current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Amendments to IFRS 12: Annual Improvements to IFRS 2014 - 2016 cycle	January 1, 2017	The impact of the standard is not material.
Amendments to IAS 7: Disclosure initiative	January 1, 2017	The impact of the standard is not material.
Amendments to IAS 12: Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017	The impact of the amendments is not material.

4.2 Standards and interpretations not yet effective

The company has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the company's accounting periods beginning on or after January 1, 2018 or later periods:

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

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

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

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

Insurance Contracts

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

The effective date of the standard is for years beginning on or after January 1, 2021.

The company expects to adopt the standard for the first time in the 2021 financial statements.

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

Uncertainty over Income Tax Treatments

The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. Specifically, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty. Changes in facts and circumstances are required to be treated as changes in estimates and applied prospectively.

The effective date of the interpretation is for years beginning on or after January 1, 2019.

The company expects to adopt the interpretation for the first time in the 2019 financial statements.

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

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Notes to the Financial Statements

4. New Standards and Interpretations (continued)

IFRS 16 Leases

IFRS 16 Leases is a new standard which replaces IAS 17 Leases, and introduces a single lessee accounting model. The main changes arising from the issue of IFRS 16 which are likely to impact the company are as follows:

Company as lessee:

Lessees are required to recognise a right-of-use asset and a lease liability for all leases, except short term leases or leases where the underlying asset has a low value, which are expensed on a straight line or other systematic basis.

The cost of the right-of-use asset includes, where appropriate, the initial amount of the lease liability; lease payments made prior to commencement of the lease less incentives received; initial direct costs of the lessee; and an estimate for any provision for dismantling, restoration and removal related to the underlying asset.

The lease liability takes into consideration, where appropriate, fixed and variable lease payments; residual value guarantees to be made by the lessee; exercise price of purchase options; and payments of penalties for terminating the lease.

The right-of-use asset is subsequently measured on the cost model at cost less accumulated depreciation and impairment and adjusted for any re-measurement of the lease liability. However, right-of-use assets are measured at fair value when they meet the definition of investment property and all other investment property is accounted for on the fair value model. If a right-of-use asset relates to a class of property, plant and equipment which is measured on the revaluation model, then that right-of-use asset may be measured on the revaluation model.

The lease liability is subsequently increased by interest, reduced by lease payments and re-measured for reassessments or modifications.

Re-measurements of lease liabilities are affected against right-of-use assets, unless the assets have been reduced to nil, in which case further adjustments are recognised in profit or loss.

The lease liability is re-measured by discounting revised payments at a revised rate when there is a change in the lease term or a change in the assessment of an option to purchase the underlying asset.

The lease liability is re-measured by discounting revised lease payments at the original discount rate when there is a change in the amounts expected to be paid in a residual value guarantee or when there is a change in future payments because of a change in index or rate used to determine those payments.

Certain lease modifications are accounted for as separate leases. When lease modifications which decrease the scope of the lease are not required to be accounted for as separate leases, then the lessee re-measures the lease liability by decreasing the carrying amount of the right of lease asset to reflect the full or partial termination of the lease. Any gain or loss relating to the full or partial termination of the lease is recognised in profit or loss. For all other lease modifications which are not required to be accounted for as separate leases, the lessee re-measures the lease liability by making a corresponding adjustment to the right-of-use asset.

Right-of-use assets and lease liabilities should be presented separately from other assets and liabilities. If not, then the line item in which they are included must be disclosed. This does not apply to right-of-use assets meeting the definition of investment property which must be presented within investment property. IFRS 16 contains different disclosure requirements compared to IAS 17 leases.

Company as lessor:

Accounting for leases by lessors remains similar to the provisions of IAS 17 in that leases are classified as either finance leases or operating leases. Lease classification is reassessed only if there has been a modification.

A modification is required to be accounted for as a separate lease if it both increases the scope of the lease by adding the right to use one or more underlying assets; and the increase in consideration is commensurate to the stand alone price of the increase in scope.

If a finance lease is modified, and the modification would not qualify as a separate lease, but the lease would have been an operating lease if the modification was in effect from inception, then the modification is accounted for as a separate lease. In addition, the carrying amount of the underlying asset shall be measured as the net investment in the lease immediately before the effective date of the modification. IFRS 9 is applied to all other modifications not required to be treated as a separate lease.

Modifications to operating leases are required to be accounted for as new leases from the effective date of the modification. Changes have also been made to the disclosure requirements of leases in the lessor's financial statements.

Sale and leaseback transactions:

In the event of a sale and leaseback transaction, the requirements of IFRS 15 are applied to consider whether a performance obligation is satisfied to determine whether the transfer of the asset is accounted for as the sale of an asset.

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Notes to the Financial Statements

4. New Standards and Interpretations (continued)

If the transfer meets the requirements to be recognised as a sale, the seller-lessee must measure the new right-of-use asset at the proportion of the previous carrying amount of the asset that relates to the right-of-use retained. The buyer-lessor accounts for the purchase by applying applicable standards and for the lease by applying IFRS 16

If the fair value of consideration for the sale is not equal to the fair value of the asset, then IFRS 16 requires adjustments to be made to the sale proceeds. When the transfer of the asset is not a sale, then the seller-lessee continues to recognise the transferred asset and recognises a financial liability equal to the transfer proceeds. The buyer-lessor recognises a financial asset equal to the transfer proceeds.

The effective date of the standard is for years beginning on or after January 1, 2019.

The company expects to adopt the standard for the first time in the 2019 financial statements.

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

Amendments to IAS 28: Annual Improvements to IFRS 2014 - 2016 cycle

An entity such as a venture capital organisation, mutual fund or similar institution may elect to measure investments in associates or joint ventures at fair value through profit or loss in accordance with IFRS 9 rather than by applying the equity method. The amendment to IAS 28 Investments in Associates and Joint Ventures now specifies that the election must be made separately per associate or joint venture and at the time of initial recognition of such investment.

Further, if an entity is not an investment entity, but has interests in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement of the associate or joint venture. The amendment now provides that such election must be made separately for each investment entity associate or joint venture.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2018 financial statements.

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

Amendments to IFRS 1: Annual Improvements to IFRS 2014 - 2016 cycle

The amendment to IFRS 1 First Time Adoption of International Financial Reporting Standards deleted certain short term exemptions concerning disclosures of financial assets, employee benefits and investment entities from IFRS 1.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2018 financial statements.

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

Transfers of Investment Property: Amendments to IAS 40

The amendment deals specifically with circumstances under which property must be transferred to or from investment property. The amendment now requires that a change in use of property only occurs when the property first meets, or ceases to meet, the definition of investment property and that there is evidence of a change in use. The amendment specifies that a change in management's intentions for use of the property, do not, in isolation, provide evidence of a change in use.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2018 financial statements.

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

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Notes to the Financial Statements

4. New Standards and Interpretations (continued)

Foreign Currency Transactions and Advance Consideration

The interpretation applies to circumstances when an entity has either paid or received an amount of consideration in advance and in a foreign currency, resulting in a non-monetary asset or liability being recognised. The specific issue addressed by the interpretation is how to determine the date of the transaction for the purposes of determining the exchange rate to use on the initial recognition of the related asset, expense or income when the non-monetary asset or liability is derecognised. The interpretation specifies that the date of the transaction, for purposes of determining the exchange rate to apply, is the date on which the entity initially recognises the non-monetary asset or liability.

The effective date of the interpretation is for years beginning on or after January 1, 2018.

The company expects to adopt the interpretation for the first time in the 2018 financial statements.

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

Amendments to IFRS 4: Insurance Contracts

The amendment provides a temporary exemption that permits, but does not require, insurers, under specified criteria, to apply IAS 39 Financial Instruments: Recognition and Measurement, rather than IFRS 9 Financial Instruments for annual periods beginning before 1 January 2021. The exemption is only available provided the insurer has not previously applied any version of IFRS 9 (with some exceptions) and that the activities are predominantly connected with insurance.

A further exemption has been provided from IAS 28 Investments in Associates and Joint Ventures. In terms of the exemption, an insurer is exempt from applying uniform accounting policies when applying the equity method, insofar as the IAS 39/IFRS 9 exemption is applied. Thus, the relevant accounting policies of the associate or joint venture are retained if the entity applies the IFRS9/IAS 39 exemption and the associate or joint venture does not apply the exemption, or visa versa.

The amendment further permits, but does not require, insurers to apply the "overlay approach" to designated financial assets when it first applies IFRS 9. The overlay approach requires the entity to reclassify between profit or loss and other comprehensive income, an amount which results in the profit or loss of the designated financial assets at the end of the reporting period being equal to what it would have been had IAS 39 been applied to the designated financial assets.

Additional disclosures are required as a result of the amendment.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2018 financial statements.

It is unlikely that the amendment will have a material impact on the company's financial statements because the Company is not in business of insurance.

Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts

The amendment to IFRS 4 provides a temporary exemption, allowing insurers to apply IAS 39 rather than IFRS 9. The exemption only applies in certain circumstances and only for annual periods beginning before 1 January 2021.

The exemption also introduces an "overlay approach" in specific circumstances. This approach requires the insurer to reclassify an amount between other comprehensive income and profit or loss. This results in the profit or loss for designated financial assets being the same as if the insurer had applied IAS 39 rather than IFRS 9.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2017 financial statements.

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

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Notes to the Financial Statements

4. New Standards and Interpretations (continued)

Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions

The amendment now specifies the treatment of vesting and non-vesting conditions with regards to cash-settled share-based payment transactions. The treatment is essentially similar to the treatment of such conditions for equity-settled share-based payment transactions. That is, non-market vesting conditions are taken into consideration when estimating the number of awards which are expected to vest (and which ultimately vest), while market conditions and other non-vesting conditions are taken into consideration when determining the fair value of the share based payment liability, both initially and subsequently.

The amendment also provides for share-based payment transactions with a net settlement feature for withholding tax obligations. Essentially, where the entity is required to withhold part of the equity instruments equal to the tax obligation, the entity is required to account for the payment to tax authorities as a reduction in equity, except to the extent that the payment exceeds the fair value of the equity instruments withheld at net settlement date. The entity should also disclose the amount that it expects to transfer to tax authorities in terms of such transactions.

The amendment further provides guidance in terms of modifications which convert cash-settled share-based payment transactions to equity-settled share-based payment transactions. For such modifications, the equity-settled share based payment transaction is measured by reference to the fair value of the equity instruments granted at modification date, to the extent to which goods or services have been received. The liability for cash-settled share based payment transactions is derecognised on the modification date. Any difference between the two is recognised immediately in profit or loss.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2017 financial statements.

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

Amendments to IFRS 15: Clarifications to IFRS 15 Revenue from Contracts with Customers

The amendment provides clarification and further guidance regarding certain issues in IFRS 15. These items include guidance in assessing whether promises to transfer goods or services are separately identifiable; guidance regarding agent versus principal considerations; and guidance regarding licenses and royalties.

The effective date of the amendment is for years beginning on or after January 1, 2018.

The company expects to adopt the amendment for the first time in the 2018 financial statements.

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

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

The Company has adopted the new standard on the required effective date and will not restate comparative information. During 2017, the Company has performed a detailed impact assessment of all three aspects of IFRS 9. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018. Overall, the Company expects no significant impact on its statement of financial position and equity.

~~The Company expects an insignificant decrease in the loss allowance resulting in an impact on equity as discussed below.~~

(a) **Classification and measure:**

The Company does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9.

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4. New Standards and Interpretations (continued)

Bank balances, trade receivables as well as other receivables that qualify as financial instruments under IFRS 9 are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. The Company analysed the contractual cash flow characteristics of those instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment:

IFRS 9 requires the Company to record expected credit losses on all of its' for all its instruments to be measured at amortized cost or fair value through OCI within the scope of IFRS impairment, either on a 12-month or lifetime basis. The Company will apply the simplified approach and record lifetime expected losses on all trade receivables and similar assets.

The Company has estimated its loss allowance under the expected credit loss model and determined that the impact of IFRS 9 impairment on its financial statements based on the receivables exposure as at 31 December 2017 is insignificant.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

Identify the contract(s) with a customer

Identify the performance obligations in the contract

Determine the transaction price

Allocate the transaction price to the performance obligations in the contract

Recognise revenue when (or as) the entity satisfies a performance obligation.

Impact analysis.

The Company plans to adopt the new standard on the required effective date using the Modified approach. Based on the impact assessment carried out in 2017, The Company has explained below the potential impact of adoption of the standard, although the directors are still assessing the full impact on the financial statements. The below preliminary assessment is subject to change when the complete impact assessment is completed.

Impact of adoption

a. Performance Obligations

Under IFRS 15, the Company is required to identify the performance obligations in each contract and allocate transaction price based on the identified performance obligation. Distinct good or service is identified when customers can enjoy the benefit from the good or service on its own or together with other readily available resources and the good or service separately identifiable from other promises in the contract.

This has no current impact on the financial statement and potentially will have no impact as contractual terms are being reviewed and updated to reflect single performance obligation.

b. Right of return

Under IFRS 15, because the contract allows the customer to return the products, the consideration received from the customer is variable. Although the Company grants customers right of return, the Company has assessed the impact of the returns on revenue as insignificant on a portfolio basis. However, the Company expects to provide detailed disclosure of the judgements exercised in adopting a portfolio approach in its 2018 financial statements.

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4. New Standards and Interpretations (continued)

c. Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The presentation requirements represent a significant change from current practice and significantly increases the volume of disclosures required in the financial statements. However, this will have no material impact on the Company's financial statements. This assessment is based on currently available information and may be subject to changes arising from further reasonable and supportable information being made available to the Company in 2018. In addition, as required by IFRS 15, the Company will disaggregate revenue recognised.

The effective date of the standard is for year beginning on or after January 1, 2018.

The company expects to adopt the standard for the first time in the 2018 financial statements.

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

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	2017 N. '000	2016 N. '000
5. Revenue		
Revenue (Note 5.1)	23,205,584	15,855,872
Freight income (Note 5.3)	3,858,741	2,435,920
	27,064,325	18,291,792

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

5.2 None of the major customers contributed up to 10% of the total revenue earned in the year ended December 31, 2017.

Our customers include leading blue chip companies in Nigeria, such as manufacturers of confectioneries, seasonings, refined edible oil, processed leather, noodles and oil industries. They buy industrial salts of different grades and specifications.

5.3 The Company provides freight services to customers by transporting Salt and Vegetable Oil purchased to their destinations. 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.

Distributors

The Company sells its products directly to distributors who redistribute to small wholesalers, confectioners, supermarkets and retailers. Salt retail packs come in various sizes 250g, 500g and 1kg and are sold under the brand name DANGOTE REFINED SALT. Seasoning is sold under the brand name DANQ, Tomato Paste sold as DANGOTE TOMATO PASTE and Vegetable Oil sold as DANGOTE VEGETABLE OIL.

6. Segmental information

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

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

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

Segmental revenue and results

The Management assesses the performance of the operating segments based on the measure of EBITDA. This measure excludes the effects of non-recurring expenditure from the operating segments such as restructure costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non recurring event. The measure also excludes the effects of equity-settled share-based payments and 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. The results of discontinued operations are not included in the measure of EBITDA. This measure is consistent with all prior periods which are presented.

Transactions between related Companies take place at arms length.

The segment information provided from the Management is presented below. The information presented includes a reconciliation of the company's EBITDA to net profit before tax and discontinued operations.

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6. Segmental information (continued)

2017

	Revenue		
	Segment revenue	Segment cost of sales revenue	Segment Profit
	N. '000	N. '000	N. '000
Salt	22,247,384	(11,620,182)	10,627,202
Seasoning	765,296	(639,564)	125,732
Tomato Paste	-	(32,840)	(32,840)
Vegetable Oil	192,904	(335,623)	(142,719)
Freight income	3,858,741	(4,442,101)	(583,360)
Total	27,064,325	(17,070,310)	9,994,015

2016

	Revenue		
	Segment revenue	Segment cost of sales revenue	Segment Profit
	N. '000	N. '000	N. '000
Salt	14,823,697	(8,206,653)	6,617,044
Seasoning	544,458	(453,779)	90,679
Tomato Paste	8,342	(50,386)	(42,044)
Vegetable Oil	479,375	(701,411)	(222,036)
Freight income	2,435,920	(2,961,869)	(525,949)
Total	18,291,792	(12,374,098)	5,917,694

Segment assets and liabilities

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

Investments in shares held by the company and deferred tax assets are not considered to be segment assets and are not allocated to segments.

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

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

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

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

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6. Segmental information (continued)

2017

	Total assets N. '000	Total liabilities N. '000
Salt	22,287,531	13,659,538
Seasoning	1,175,305	180,986
Tomato Paste	517,862	-
Vegetable oil	2,245,256	-
Freight	3,897,293	2,813,376
Total	30,123,247	16,653,900
Unallocated		
Retirement benefit obligation	-	222,134
Deferred tax	-	1,712,001
Total as per statement of financial position	30,123,247	18,588,035

2016

	Total assets N. '000	Total liabilities N. '000
Salt	19,219,804	14,660,205
Seasoning	2,041,329	254,865
Tomato Paste	548,244	-
Vegetable oil	2,245,837	-
Freight	548,053	248,453
Total	24,603,267	15,163,523
Unallocated		
Retirement benefit obligation	-	249,635
Deferred tax	-	1,143,882
Total as per statement of financial position	24,603,267	16,557,040

Geographical information

	2017	2016
	Revenue by location of customer N. '000	Revenue by location of customer N. '000
East	2,297,150	1,178,218
West	5,697,629	5,091,447
North	19,069,546	12,022,127
Total	27,064,325	18,291,792

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Notes to the Financial Statements

7. Cost of sales

	2017 N. '000	2016 N. '000
Direct material cost	10,148,410	7,231,144
Direct labour cost (Note 14)	886,686	822,450
External haulage	3,285,123	2,535,489
Depreciation	1,471,697	767,389
Loading	107,438	108,048
Manufacturing expenses	1,170,956	909,578
	17,070,310	12,374,098

8. Investment income

Interest income

Bank deposits	671	340
Fixed deposit	309,776	54,988
Treasury bills (Note 25)	44,298	-
	354,745	55,328

The interest income on bank deposits were earned at the average rate of 2017: 9.9% (2016: 11%).

9. Other income

Sale of scrap	1,292	4,987
Insurance claim	10,004	125
Credits no longer required	-	13,372
	11,296	18,484

Credits no longer required in prior year balance relate to bank overdraft and accruals for which there were no existing liabilities as at year end.

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	2017 N. '000	2016 N. '000
10. Operating expense		
10.1. Administrative expenses		
Management fees	90,839	141,728
Auditors remuneration	17,400	17,400
Provision for bad debts	42,454	74,931
Bank charges	30,513	32,038
Cleaning	21,330	15,525
Consulting and professional fees	25,551	30,897
Depreciation (Note 11)	208,551	153,140
Amortisation (Note 11)	47,374	93,810
Directors' remuneration	170,744	144,138
Employee costs	671,412	431,323
Entertainment	13,599	12,800
Business development	18,194	10,809
Insurance	27,431	26,186
Rent and rates	10,584	17,225
Petrol and oil	15,150	11,999
Printing and stationery	14,224	19,780
Loss on sale of assets	1,868	22,171
Repairs and maintenance	39,135	28,985
Secretarial fees	110,098	39,024
Security	23,911	18,322
Staff welfare	51,141	33,196
Telephone and fax	82,224	57,983
Travel - local	35,535	38,812
Travel - overseas	4,475	7,093
	1,773,737	1,479,315
10.2 Distribution Expenses		
Market activation	177,772	123,286
Branding expenses	426,946	514,903
	604,718	638,189
11. Depreciation, amortisation and impairments		
The following items are included within depreciation, amortisation and impairments:		
Total depreciation, amortisation and impairments		
Depreciation (Administrative expenses)	208,551	153,140
Depreciation (Cost of sales)	1,471,698	767,391
	1,680,249	920,531
Amortisation	47,374	93,810
	1,727,623	1,014,341
12. Auditors' remuneration		
Fees	17,400	17,400
13. Finance costs		
Interest on borrowings	72,113	357,671

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2017	2016
N. '000	N. '000

13. Finance costs (continued)

The finance cost represent the interest on loan obtained from the parent company (Dangote Industries Limited) which has been repaid as at year end.

Capitalisation rates used during the period were 15% on specific borrowings for capital projects and 15% being the weighted average cost of funds borrowed generally by the company.

Total interest expense, calculated using the effective interest rate, on financial instruments not at fair value through profit or loss amounted to N72.1 million (2016: N357.7 million)

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	2017 N. '000	2016 N. '000
14. Employee costs		
The following items are included within employee benefits expense:		
Direct labour costs (Cost of sales Note 7)		
Basic	541,449	483,126
Medical aid - company contributions	19,688	30,428
Other payroll levies	4,073	3,426
Leave pay provision charge	20,334	18,852
Short term benefit	254,834	241,509
Other short term costs	4,828	3,163
Post-employment benefits - Pension - Defined contribution plan	36,850	35,290
Termination benefits	4,630	6,656
Direct labour cost (Cost of sales Note 7)	886,686	822,450
Indirect employee costs		
Basic	351,597	171,245
Bonus	104,038	76,414
Medical aid - company contributions	4,900	8,817
Other payroll levies	14,918	13,160
Leave pay provision charge	13,259	15,563
Short term benefit	128,862	108,836
Other short term costs	31,061	18,694
Post-employment benefits - Pension - Defined contribution plan	22,366	18,594
Termination benefits	411	-
Admin expenses (Note 10)	671,412	431,323
Total employee costs		
Direct labour costs	886,686	822,450
Indirect employee costs	671,412	431,323
	1,558,098	1,253,773

Average number of persons employed during the year was:

	Number	Number
Management	40	29
Senior staff	170	124
Junior staff	337	332
	547	485

The table below shows the number of employees (excluding Directors), whose earnings during the year, fell within the ranges shown below in thousand:

	Number	Number
N0 - N5,000	530	472
N5,001 - N10,000	17	13
	547	485

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	2017 N. '000	2016 N. '000
15. Operating profit		
Operating profit for the year is stated after charging/(crediting) the following:		
Loss on sale of property, plant and equipment	1,868	22,171
Auditors remuneration	17,400	17,400
Amortisation on intangible assets	47,374	93,810
Depreciation on property, plant and equipment	1,680,248	920,529
Employee costs (excluding directors)	1,558,098	1,253,773
Directors' remuneration	170,744	144,138
16. Taxation		
Major components of the tax expense		
Current		
Local income tax	1,805,645	799,938
Education tax	192,131	73,337
	1,997,776	873,275
Deferred		
In respect of current year (Note 17)	568,120	227,873
	2,565,896	1,101,148
The charge for taxation in these 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. Corporation Tax and Education Tax is calculated at 30% and 2% respectively of the estimated taxable profit for the year. The charge for the year can be reconciled to the profit per the statement of comprehensive income as follows:		
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Profit before tax from continuing operations	7,909,488	3,516,331
Tax at the applicable tax rate of 30% (2016: 30%)	2,372,846	1,054,899
Education tax	192,131	73,337
Tax effect of adjustments on taxable income		
Effect of concessions (research and development and other allowances)	(10,133)	(11,089)
Additional assessment from tax audit	11,351	-
Effect of non - taxable expenses	(299)	(15,999)
	2,565,896	1,101,148
Current tax liabilities in the statement of financial position		
At January 1, 2017	872,225	529,162
Charge for the year	1,997,776	873,275
Payment during the year	(884,626)	(530,212)
At December 31, 2017	1,985,375	872,225

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	2017 N. '000	2016 N. '000
17. Deferred tax		
The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:		
Deferred tax liability	(1,820,647)	(1,247,743)
Deferred tax asset	108,646	103,861
Total net deferred tax liability	(1,712,001)	(1,143,882)
Reconciliation of deferred tax asset / (liability)		
At January 1, 2017	(1,143,882)	(916,009)
Temporary difference movement in the year	(568,120)	(227,873)
	(1,712,001)	(1,143,882)

Deferred tax as at December 31, 2017 relating to property, plant & equipment 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.

Analysis of deferred tax is made up of

December 31, 2017 Deferred tax (asset) or liability in relation to:	At January 1,2017	Recognize in profit or loss	Recognize in other comprehensive income	At December 31, 2017
	N. '000	N. '000	N. '000	N. '000
Property, plant and equipment	1,247,742	572,905	-	1,820,647
Allowance for doubtful debt	(103,861)	(4,785)	-	(108,646)
	1,143,881	568,120	-	1,712,001
<hr/>				
December 31, 2016 Deferred tax (asset) or liability in relation to:	At January 1,2016	Recognize in profit or loss	Recognize in other comprehensive income	At December 31, 2016
	N. '000	N. '000	N. '000	N. '000
Property, plant and equipment	1,251,037	(3,294)	-	1,247,743
Allowance for doubtful debt	(335,027)	231,166	-	(103,861)
	916,010	227,872	-	1,143,882

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18. Earnings per share

	2017	2016
Basic earnings per share		
From continuing operations (kobo per share)	202	91

Reconciliation of profit or loss for the year to basic earnings

	N. '000	N. '000
Profit or loss for the year attributable to equity holders of the parent	5,343,592	2,415,183
Adjusted for:		
After tax effect of preference dividends	-	-
	5,343,592	2,415,183
Weighted average number of ordinary shares as at 31 December 2017 ('000)	2,649,438	2,649,438

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19. Property, plant and equipment

	Freehold land and buildings 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
Cost								
Balance at 1 January, 2016	1,382,321	4,789,191	92,631	2,728,331	85,224	111,281	554,957	9,743,936
Additions	2,940	13,212	150,208	256,415	7,736	7,978	96,872	535,361
Disposals	-	-	-	(383,016)	-	-	-	(383,016)
Reclassification	-	176,401	22,092	32,381	-	-	(230,874)	-
Balance at December 31, 2016	1,385,261	4,978,804	264,931	2,634,111	92,960	119,259	420,955	9,896,281
Additions	30,192	95,926	130,225	4,469,949	24,784	12,263	52,023	4,815,362
Disposals	-	-	-	(22,382)	-	(3,819)	-	(26,201)
Reclassification	1,113	81,454	5,404	-	-	-	(87,971)	-
Adjustments (Note 19.2)	-	-	-	-	-	-	(55,682)	(55,682)
Balance at December 31, 2017	1,416,566	5,156,184	400,560	7,081,678	117,744	127,703	329,325	14,629,760
Accumulated depreciation and impairment								
Balance at 1 January, 2016	76,619	1,077,111	28,581	1,696,935	49,561	56,090	-	2,984,897
Depreciation	31,037	336,051	38,977	483,061	16,780	14,625	-	920,531
Disposals	-	-	-	(355,835)	-	-	-	(355,835)
Balance at December 31, 2016	107,656	1,413,162	67,558	1,824,161	66,341	70,715	-	3,549,594
Depreciation	28,013	345,137	74,789	1,199,951	18,138	14,221	-	1,680,249
Disposals	-	-	-	(16,749)	-	(2,538)	-	(19,287)
Balance at December 31, 2017	135,669	1,758,299	142,347	3,007,363	84,479	82,398	-	5,210,555
Carrying amount								
Balance at December 31, 2016	1,277,605	3,565,642	197,373	809,950	26,619	48,544	420,955	6,346,688
Balance at December 31, 2017	1,280,897	3,397,885	258,213	4,074,315	33,265	45,305	329,325	9,419,203

19.1 Work-in-progress

Work-in-progress comprises amounts expended on Vegetable Oil tank farm in Apapa.

19.2 Adjustments to Capital work-in-progress

The adjustment in the current year represents cost of lease for Onne warehouse in Port Harcourt expensed during year and reversal of civil foundation work at the Apapa Vegetable Oil tank farm.

19.3 Asset Pledged as security

None of the Company's assets were pledged as security for any liabilities as at 31 December, 2017. (2016: Nil)

19.4 Impairment Assessment

An impairment assessment was carried out on the Vegetable Oil and Tomatoes Paste plant during the year. There was no impairment gain or loss recognised as at 31 December, 2017 (2016: Nil).

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20. Intangible assets

Cost	Computer software N. '000	Total N. '000
Balance as at 1 January 2016	-	-
Additions	281,429	281,429
Balance as at December 31, 2016	281,429	281,429
Additions	-	-
Balance as at December 31, 2017	281,429	281,429

Amortization		
Balance as at January 1, 2016	140,245	140,245
Amortization expenses	93,810	93,810
Balance as at December 31, 2016	234,055	234,055
Amortization expenses	47,374	47,374
Balance as at December 31, 2017	281,429	281,429

Net Book Value		
Balance as at December 31, 2016	47,374	47,374
Balance as at December 31, 2017	-	-

Intangible asset (computer software) represents software which has a useful life of 3 years and amortized on a straight-line basis over the year.

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	2017 N. '000	2016 N. '000
21. Other assets		
Prepayments:		
Rent prepaid	24,251	35,376
Insurance prepaid	1,425	1,884
Prepayment-Others	9,354	-
Deposit for import	2,103,156	2,780,893
	2,138,186	2,818,153
Non - current	1,838	5,513
Current	2,136,348	2,812,640
	2,138,186	2,818,153
22. Inventories		
Raw materials	1,851,369	1,778,568
Finished goods	237,716	251,855
Spare parts and consumables	491,044	139,994
Oil and lubricants	51,951	43,256
Packaging materials	384,707	506,559
	3,016,787	2,720,232
22.1 Inventory pledged as security		
No inventory was pledged as security for any liability.		
The cost of inventories recognised as an expense during the year in respect of continuing operations was N10.148 billion (2016:N7.231 billion).		
23. Trade and other receivables		
Trade receivables	585,116	285,836
Impairment for doubtful debts	(12,688)	(12,688)
	572,428	273,148
Amounts due from related parties (37.1)	4,390,775	9,745,773
Employee loans and advance	30,018	38,450
Other receivable (Note 23.1)	610,319	121,380
	5,603,540	10,178,751
	5,603,540	10,178,751
23.1 Other receivables		
Other receivables include:		
Advance to vendors	652,773	120,978
Insurance claim receivables	-	402
Provision for doubtful debt	(42,454)	-
	610,319	121,380

Trade and other receivables pledged as security

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

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	2017	2016
	N. '000	N. '000

23. Trade and other receivables (continued)

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 judgment that those receivables are unlikely 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.

Trade receivables disclosed include amounts (see below for aged analysis) that are past due at the end of the reporting period for which the Company has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality.

23.2 Credit quality of trade and other receivables

The credit quality of trade and other receivables that are neither past nor due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Movement in allowance for doubtful debt

At 1 January	12,688	803,701
Additions	-	74,931
Allowance written off	-	(803,701)
Transfers to related company (Note 37.1)	-	(62,243)
At 31 December	12,688	12,688

23.3 Trade and other receivables past due but not impaired

Trade and other receivables which are less than 3 months past due are not considered to be impaired. At December 31, 2017, N62.1 million (2016: N124.2 million) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

0 - 30 days	483,332	203,767
31 - 60 days	76,030	45,658
61 - 90 days	13,066	23,723
	572,428	273,148

Trade and other receivables impaired

In determining the recoverability of a trade receivable, the Company considers any change in credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

The ageing of these receivables is as follows:

60 - 90 days	-	-
91 - 120 days	-	-
360+ days	12,688	12,688
	12,688	12,688

24. Cash and bank balances

Cash and cash equivalents consist of:

Cash on hand	7,495	7,165
Bank balances	9,469,245	2,484,904
	9,476,740	2,492,069

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	2017 N. '000	2016 N. '000
25. Other financial assets		
Short term investments	468,791	-
Current assets		
Short term investments	468,791	-
<p>The short term investments represent shareholders unclaimed dividend invested in treasury bills earning 18.5% per annum (Note 8) and maturing 14 June, 2018.</p>		
26. Share capital		
Authorised		
4,000,000,000 Ordinary shares of 50k each	2,000,000	2,000,000
Issued and fully paid		
2,649,438,378 ordinary shares of 50k each	1,324,719	1,324,719
27. Share premium		
Issued		
Share premium	434,037	434,037
Reconciliation of number of shares issued:		
Issue of shares – ordinary shares	156,793	156,793
Conversion of debentures	404,303	404,303
Less: Deferred charges written off	(127,059)	(127,059)
	434,037	434,037
28. Retained earnings		
At 1 January	6,287,471	5,329,479
Profit for the year	5,343,592	2,415,183
Dividend declared and paid	(1,854,607)	(1,457,191)
	9,776,456	6,287,471
<p>At the Annual General Meeting held on 4th May 2017, the shareholders approved that dividend of 70k amounting to N1.854 billion be paid to shareholders for the year ended December 31, 2016. In respect of the current year, the Directors propose that a dividend of N1.50k 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 N3.974billion</p>		
29. Dividend payable		
At 1 January	-	-
Dividend declared	1,854,607	1,457,191
Payments - Meristem Registrars	(1,854,607)	(1,457,191)
At 31 December	-	-

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	2017 N. '000	2016 N. '000
30. Borrowings		
Held at amortised cost		
Government grant	38,570	38,570
Non-current liabilities		
At amortised cost	38,570	38,570

At the time of privatisation in 1992, the debt owned 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.

31. Retirement benefits obligation

31.1 Movement in gratuity

At 1 January, 2017	249,635	300,514
Current service cost	-	-
Benefit paid out	(27,501)	(50,879)
Balance as at 31 December	222,134	249,635

The entity was operating a defined benefit for its permanent Nigerian staff, the benefits under which are related to employees' length of service and final remuneration. However, the Board resolved to eliminate the scheme effective January, 2013. The balance as at 31 December, 2017 represent what is owned to staff who are still in the service from the old scheme.

As at December 31, 2017 no funds has been set up from which payments can be disbursed.

Defined contribution plan

The employees of the company are members of a Pension plan administered under the Pension Reform Act of 2014. 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 2014 with the employee and employer contribution representing 8% and 10% respectively of the employee's relevant emoluments effective July 2014.

Staff pension

At 1 January, 2017	8,317	7,192
Contributions during the year	135,078	97,227
Remittance in the year	(143,395)	(96,102)
At 31 December	-	8,317

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 N75.04 million (2016: N53.38 million) represents contributions paid to this plan by the Company as at December 31, 2017.

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	2017 N. '000	2016 N. '000
32. Trade and other payables		
Trade payables	440,663	927,912
Amounts due to related parties (Note 37.1)	11,270,430	9,823,997
Value added tax	48,642	20,854
Withholding tax payable	18,181	37,333
Unclaimed dividend	468,791	-
Staff pension (Note 31.1)	-	8,317
Accrued audit fees	5,800	17,400
Other accrued expenses	1,168,054	488,921
Customers' deposit	1,186,993	2,890,342
Other payables	22,401	37,652
	14,629,955	14,252,728

Customers' deposit

Trade payable	1,186,993	2,890,342
	1,186,993	2,890,342

Customers' deposits relate to amount deposited by customers for which delivery has not been made as at year end.

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.

33. Reconciliation of net income to net cash provided by operating activities

Profit before taxation	7,909,488	3,516,331
Adjustments for:		
Depreciation	1,680,248	920,529
Amortisation	47,374	93,810
Loss on sale of assets	1,868	22,171
Investment income	(354,745)	(55,328)
Finance costs	72,113	357,671
Allowance for doubtful debt	(42,454)	(74,931)
PPE Adjustment (Note 19)	55,682	-
Changes in working capital:		
Inventories	(296,555)	(787,230)
Trade and other receivables	4,617,667	(5,251,274)
Other assets	679,967	(2,757,790)
Retirement benefit obligation	(27,501)	(50,879)
Trade and other payables	377,227	6,835,629
	14,720,379	2,768,709

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34. Categories of financial instruments

	2017 N. '000	2016 N. '000
Assets		
Trade and other receivables	5,603,540	10,178,751
Cash and bank	9,476,740	2,492,069
	15,080,280	12,670,820
Liabilities		
Trade and other payables	14,629,955	14,252,728
	14,629,955	14,252,728

35. Risk management

35.1 Capital risk management

The capital structure of the company consists of net debt (which includes the borrowings disclosed in Note 30, 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.

35.2 Gearing ratios

The Company is minimally geared for the reporting and comparative years.

35.3 Financial risk management

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

The Board oversight is performed by the Board of Directors through the Finance and Establishment 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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Notes to the Financial Statements

35. Risk management (continued)

35.4 Foreign currency, financial and credit risk

The Company is exposed to foreign currency, financial and credit 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 underpinned 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.

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.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Foreign currency exposure at the end of the reporting period

	Liabilities		Assets	
	2017 N. '000	2016 N. '000	2017 N. '000	2016 N. '000
US Dollars	4,746,740	2,218,607	4,779,249	9,613,434

The following table details the Company's sensitivity to a 3%, increase and decrease in Naira against USD currency. Management believes that a 3% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding balances of USD denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 3% against the USD.. For a 3% weakening of Naira against the USD there would be an equal and opposite impact on profit, and the balances below would be negative.

	2017 N. '000	2016 N. '000
Naira strengthens by 3% against the US dollar Profit / (loss)	975	233,861
Naira weakens by 3% against the US dollar Profit / (loss)	(975)	(233,861)

35.5 Sensitivity analysis for interest rate risk

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

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35. Risk management (continued)

35.6 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 guaranties 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 96% of the trade receivables are due from Bulk Commodities Limited, a related party, for rebate on purchase of Salt. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are otherwise diverse including both corporate entities and lots of individual end users. The requirement for impairment is analyzed at each reporting date on an individual basis for corporate and individual customers.

The maximum credit risk at the reporting date was:

	2017 N. '000	2016 N. '000
Trade receivables	572,428	273,148
Other receivables	610,319	121,380
Cash and cash equivalents	9,476,740	2,492,069
Employee loans and advance	30,018	38,450
Amount due from related party	4,390,775	9,745,773

35.7 Deposit with banks and other financial institutions

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

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Notes to the Financial Statements

35. Risk management (continued)

35.8 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 balance sheet date. The contractual maturity is based on the earliest date on which the Company may be required to pay.

At December 31, 2017

	0 – 3 months N.'000	3 – 6 months N.'000	Total N.'000
Trade payables	413,013	27,650	440,663
Other payables	2,462,073	456,789	2,918,862
Due to related parties	4,490,110	6,780,320	11,270,430
Government grant	-	38,570	38,570
	<u>7,365,196</u>	<u>7,303,329</u>	<u>14,668,525</u>

At December 31, 2016

	0 – 3 months N.'000	3 – 6 months N.'000	Total N.'000
Trade payables	823,920	103,887	927,807
Other payables	3,442,313	58,506	3,500,819
Due to related parties	2,910,464	6,913,533	9,823,997
Government grant	-	38,570	38,570
	<u>7,176,697</u>	<u>7,114,496</u>	<u>14,291,193</u>

36. Fair value information

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

	Book value		Fair value	
	2017 N.'000	2016 N.'000	2017 N.'000	2016 N.'000
Financial asset				
Trade and other receivables	5,603,540	10,178,751	5,603,540	10,178,751
Cash and bank	9,476,740	2,492,069	9,476,740	2,492,069
Financial liabilities				
Trade and other payables	14,629,955	14,252,728	14,629,955	14,252,728
Employee benefit	222,134	249,635	222,134	249,635
Government grant	38,570	38,570	38,570	38,570

The book value of the trade and other receivables is arrived at by factoring allowances for doubtful debts on trade receivables and other receivables.

The carrying amount of bank overdrafts and loans is approximately equal to their fair value.

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37. Related parties

37.1 Related party balances

	2017 N. '000	2016 N. '000
Intercompany receivables		
Parent and ultimate controlling party		
	-	-
Other related party receivables		
Dangote Pasta Limited	7,918	7,918
Dangote Sugar Refineries	13,250	46,371
Dangote Noodles Limited	5,044	8,346
Dangote Head office	5,118	-
Dangote Cement - Ibeshe	2,206	22,394
Dangote Cement - Gboko	4,320	4,320
West African Popular Foods	62,243	124,486
Bulk Commodities Ltd	4,352,919	9,594,181
Provision for doubtful related party receivables (Note 23.2)	(62,243)	(62,243)
	4,390,775	9,745,773
Intercompany payables		
Parent and ultimate controlling party		
Dangote Industries Limited (Parent)	3,843,262	6,301,212
Other related party payables		
Green view Development Company Limited	7,220	-
Dansa Foods Limited	300	300
Dangote Cement	24,194	29,474
Dangote Flour	19,108	-
Agrosack Ltd	33,271	141,741
Dangote Transport	22,962	22,962
Central TPT Parts Store	75,977	139,009
Dangote Head office	2,514,113	1,007,483
Dangote Refinery	14,711	-
Benue Cement	81,922	81,922
Benue Cement-Truck scheme	54,398	54,398
DANCOM	1,451	5,247
Bulk Commodities Ltd	4,577,541	2,040,249
	11,270,430	9,823,997

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37. Related parties (continued)

Relationships	
Greenview International Corporation	Ultimate holding company
Dangote Transport Limited	Fellow subsidiary company -- provides haulage services
Dangote Sugar Refinery Plc.	Fellow subsidiary company -- buys crude salt and also provide warehouse facility for which NASCON pays rent
Dansa Foods Limited	An entity controlled by a key management personnel of the Dangote Industries Limited -- provides beverages
Dangote Flour Mills Plc.	Fellow subsidiary -- trading relationship
Dangote Pasta Limited	Fellow subsidiary - NASCON provides haulage services
Dangote Industries Limited	Parent company -- provides management support
Dangote Noodles Limited	Fellow subsidiary company -- buys Table salt
Dangote Agrosacks	Fellow subsidiary -- Supplies empty sacks for bagging finished salt
Green view Development Company Limited	Fellow subsidiary -- provides port and terminal services
Benue Cement	Fellow subsidiary-NASCON buys trucks
DANCOM	Fellow subsidiary-Service provider for IT services
Dangote Cement Plc.	Fellow subsidiary company that buys crude salt
Obajana Cement	Fellow subsidiary -NASCON provides haulage services
Bulk Commodities	Fellow subsidiary (Agent for purchase of raw salt)
Dangote Foundation	Fellow subsidiary
West African Popular Foods	JV involving parent company (Sales of salt Annapurna Salt)
Central TPT Parts Store	Fellow subsidiary (Sales of spares for trucks)
Dangote Refinery	Fellow subsidiary -- trading relationship
	Fellow subsidiary

Dangote Industries Limited (DIL) performed certain administrative services for the Company for which a management fee of N90.8 million (2016: N141.7 million) was charged, being an appropriate allocation of costs incurred by relevant administrative departments.

In addition to the above, interest of N72 million was paid to DIL for the loan of (N4.5 billion at 15% interest) obtained by the Company in 2016, which has been fully paid in February, 2017. The loan was included in balance due to DIL in 2016.

	2017 N. '000	2016 N. '000
Compensation to directors and other key management		
Short-term employee benefits	170,744	144,138
Post-employment benefits - Pension - Defined contribution plan	-	-
Long-term benefits - incentive scheme	-	-
Termination benefits	-	-
Share-based payment	-	-
	170,744	144,138
Directors fee and expenses		
Directors Fees	17,457	18,150
Directors Expenses	153,287	125,988
	170,744	144,138

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Notes to the Financial Statements

37. Related parties (continued)

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

N.'000	2017	2016
0 — 10,000	-	-
10,001 — 20,000	8	8
20,001 — 30,000	-	-
30,001 and above	2	2
	10	10

38. Commitments

The Company's total capital commitments as at December 31, 2017 amounted to N2.1 billion in respect of purchase of raw salt and Oregon plant rehabilitation (2016: N2.8 billion).

39. Contingent assets and Contingent liabilities

39.1 Pending litigation and claims.

There are certain lawsuits and claims pending against the Company in various courts of law which are being handled by external legal conusels. The contingent liabilities in respect of pending litigation and claims amounted to N17.1million as at December 31, 2017 (2016 - 17.1 million). In the opinion of the Directors and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claim, thus no provision has been made in these financial statements.

39.2 Financial commitments

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

40. Events after the reporting period

There were no events after the reporting period that could have had a material effect on the financial statements of the Company as at December 31, 2017 that have not been taken into account in these financial statements.

41. Approval of Financial statements

The Board approved the financial statements during its meeting of March 5, 2018.

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Other National Disclosure - Value Added Statement

Value Added Statement

	2017 N. '000	2017 %	2016 N. '000	2016 %
VALUE ADDED				
Turnover: Local	27,064,325		18,291,792	
Export	-		-	
Interest received	354,745		55,328	
Other income	11,296		18,484	
Bought - in materials and services	-		-	
- Local	(3,510,160)		(4,511,543)	
- Foreign	(12,482,144)		(7,567,809)	
Total Value Added	11,438,062	100	6,286,252	100
VALUE DISTRIBUTED				
To Pay Employees				
Salaries, wages, medical and other benefits	1,728,842		1,397,911	
	1,728,842	15	1,397,911	22
To Pay Providers of Capital				
Finance costs	72,113		357,671	
	72,113	1	357,671	6
To Pay Government				
Income tax	1,997,776		873,275	
	1,997,776	17	873,275	14
To be retained in the business for expansion and future wealth creation:				
Depreciation, amortisation and impairment	1,727,622		1,014,339	
Deferred tax	568,120		227,873	
	2,295,742	20	1,242,212	20
Value retained				
Retained profit	5,343,590		2,415,183	
	5,343,590	47	2,415,183	38
Total Value Distributed	11,438,062	100	6,286,252	100

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

This report is not prepared under IFRS. Instead, it has been prepared in compliance with the Companies and Allied Matters Act of Nigeria, Cap C20 LFN 2004.

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Other National Disclosure - Five Year Financial Summary

Five Year Financial Summary

	2017 N. '000	2016 N. '000	2015 N. '000	2014 N. '000	2013 N. '000
Statement of Financial Position					
Assets					
Non-current assets	9,421,041	6,399,575	6,909,411	6,933,017	5,749,056
Current assets	20,702,206	18,203,692	9,385,415	5,622,868	5,682,111
Total assets	30,123,247	24,603,267	16,294,826	12,555,885	11,431,167
Liabilities					
Non-current liabilities	1,972,705	1,432,087	1,255,093	902,464	731,825
Current liabilities	16,615,330	15,124,953	7,951,497	5,346,115	3,806,716
Total liabilities	18,588,035	16,557,040	9,206,590	6,248,579	4,538,541
Equity					
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
Retained income	9,776,456	6,287,471	5,329,480	4,548,550	5,133,870
Total equity	11,535,212	8,046,227	7,088,236	6,307,306	6,892,626
Total equity and liabilities	30,123,247	24,603,267	16,294,826	12,555,885	11,431,167
Profit and loss account					
Revenue	27,064,325	18,291,792	16,178,197	11,250,544	10,837,261
Profit before taxation	7,909,488	3,516,331	3,017,563	2,856,399	4,038,405
Taxation	(2,565,896)	(1,101,148)	(911,918)	(1,338,863)	(1,270,030)
Profit for the year	5,343,592	2,415,183	2,105,645	1,867,038	2,699,542
Per share data (Kobo)					
Earnings per share (Basic)	202	91	79	70	102
Earnings per share (Diluted)	202	91	79	70	102
Net assets per share	436	304	268	238	260

Earnings per share is based on profit after tax and the number of issued and fully paid ordinary shares at the end of each financial year.

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