NASCON

NATIONAL SALT COMPANY OF NIG. PLC.

UNAUDITED FINANCIAL STATEMENTS

PERIOD ENDED 31 MARCH, 2011

NATIONAL SALT COMPANY OF NIG PLC

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FIRST QUARTER ENDED 31 MARCH, 2011

The following are the summary of significant accounting policies which have been adopted by the Company in the preparation of its financial statements.

1. BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost basis modified to include the revaluation of certain land and buildings and plant and machinery. No adjustments have been made to reflect the impact on the financial statements of specific price changes or changes in the general level of prices

2. TURNOVER

Turnover represents the net value of goods and services sold and delivered to third parties during the year less discounts.

3. FIXED ASSETS

Fixed Assets are stated at cost or valuation less accumulated depreciation.

4.DEPRECIATION:

Depreciation is calculated to write off the cost of fixed assets on a straight line basis over their expected useful lives. The principal annual rates used for this purpose are:

Leasehold land and buildings	2%
Plant and Machinery	6 2/3%
Motor Vehicles	25%
Furniture and Fittings	20%
Tools and equipments	25%
Computer Equipment	33 1/3%

5. FINANCE LEASE

Assets under finance lease are included in the balance sheet at the net book value of the assets and the present value of the minimum lease payments. Depreciation is calculated using the rate applicable to other fixed assets in the same category.

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6. STOCKS AND WORK-IN-PROGRESS

Stocks are valued at lower of cost and net realisable value. Cost of raw materials which comprises suppliers' invoice price and where appropriate freight and other charges incurred to bring the materials to their location and condition, is determined using standard cost, which approximates actual cost on a FIFO basis. Finished goods which include direct labour and factory overheads, is valued at standard cost which approximates actual cost on a FIFO basis. Engineering spares and packaging materials are valued at invoice price only.

7. FOREIGN CURRENCIES

Transactions in foreign currencies are recorded in Naira at the rates of exchange ruling at the time they arise. Assets and Liabilities existing in foreign currencies are converted to Naira at the rates of exchange ruling at the balance sheet date. Gains or losses arising there-from are included in the profit and loss account.

8. DEBTORS

Debtors are stated after specific provision for debts considered doubtful of recovery.

9. EMPLOYEES RETIREMENT BENEFIT SCHEME

The company makes provision for retirement benefits in accordance with the Pension Reform Act of 2004. the contribution of the employer is 8.5% while that of the employee is 7.5% of relevant emoluments.

The company also operates a gratuity scheme for its permanent Nigerian staff, the benefits under which are related to employees' length of service and remuneration. The provision for liability in respect thereof made in full in the financial statements.

10. TAXATION
Income and education taxes payable are provided on taxable and assessable profits respectively at the current statutory rate.

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STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES
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11. DEFERRED TAXATION

Deferred taxation is provided by the liability method which represents taxation at current rate on the difference between the net book values of fixed assets qualifying for capital allowances and their corresponding income tax values

12. PROVISIONS

Provisions are recognized when the company has a present obligation whether legal or constructive, as a result of a past event for which it is probable that an overflow of resources embodying economic benefits will be required to settle obligation and a reliable estimate can be made of the amount of the obligation.

13 .INVESTMENTS

Short term investments are stated at cost after specific provision for dimunition in value.

14. EARNINGS PER SHARE

The company presents basic earnings per share (EPS) for its ordinary shares. Basic earnings per share (EPS) is calculated by dividing the profit or loss after tax attributable to ordinary shareholders of the company by the number of issued and fully paid ordinary shares at the end of each financial year.

15. RISK MANAGEMENT

The existing Code of Corporate Governance has been designed to mitigate risks, both identified and anticipated. In respect of risk identified, provision is only made for the amount the Directors consider prudent in relation to probable cash flow. For anticipated risks, appropriate controls are instituted by Management to mitigate such risk.

NATIONAL SALT COMPANY OF NIG. PLC

PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 31 MARCH 2011

	Note	31 MARCH 2011 N'000	31 MARCH 2010 N'000	31 MARCH 2009 N'000
Turnover	2	2,205,257	2,004,681	2,323,367
Cost of sales		(1,380,320)	(1,398,786)	(1,547,212)
Gross profit		824,937	605,896	776,155
Distribution and administrative expenses		(257,236)	(194,297)	(240,531)
Operating profit		567,701	411,599	535,623
Other income	3	5,940	659	900
Interest receivable and similar income	4	12,975	37,320	19,554
Operating profit before interest payable		586,615	449,577	556,077
Interest payable and similar charges		(3,787)	(2,438)	(521)
Profit before taxation	5	582,828	447,139	555,556
Taxation	6	(186,505)	(143,085)	(177,778)
Profit after taxation transferred to revenue reserve	19	**396,323**	**304,055**	**377,778**
Earnings per share - Basic (Kobo)	7	**60**	**46**	**57**
Earnings per share - Adjusted (Kobo)		**60**	**46**	**57**

The accounting policies on pages 2 to 4 and other explanatory notes on pages 8 to 16 form part of these financial statements.