

**NATIONAL SALT COMPANY OF NIGERIA PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

**NATIONAL SALT COMPANY OF NIGERIA PLC**

**FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

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NATIONAL SALT COMPANY OF NIGERIA PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE PERIOD ENDED 31 MARCH 2015

	Note	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
<b>Continuing Operations</b>				
Revenue	5	2,873,285	2,694,630	11,250,544
Cost of sales	6	(1,953,924)	(1,618,395)	(7,464,784)
Gross profit		919,361	1,076,235	3,785,760
Investment income	7	125	13,571	30,227
Other income	8	80,864	1,444	102,877
Distribution expenses		(26,085)	(30,146)	(123,720)
Administrative expenses	9	(275,447)	(242,106)	(923,520)
Finance cost	10	(2,909)	(5,288)	(15,226)
Profit before tax	11	695,909	813,710	2,856,398
Income tax expense	12	(222,691)	(260,388)	(989,362)
<b>PROFIT FOR THE YEAR</b>		<b>473,218</b>	<b>553,322</b>	<b>1,867,036</b>
Other comprehensive income, net of income tax		-		-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>473,218</b>	<b>553,325</b>	<b>1,867,036</b>
<b>Earnings per share</b>				
From continuing operations		-		-
Basic & Diluted (kobo)		71	84	70

NATIONAL SALT COMPANY OF NIGERIA PLC

STATEMENT OF FINANCIAL POSITION  
FOR THE PERIOD ENDED 31 MARCH 2015

	Note	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
<b>Assets</b>				
<i>Non-current assets</i>				
Property, plant and equipment	14	7,342,947	6,219,651	6,683,479
Intangible assets and goodwill	15	211,541	-	234,993
Other assets	16	10,870	16,538	14,545
Total non-current assets		<b>7,565,358</b>	<b>6,236,189</b>	<b>6,933,017</b>
<i>Current assets</i>				
Inventories	17	2,013,854	1,518,509	1,471,568
Trade and other receivables	18	655,852	1,320,672	724,183
Other assets	16	80,824	273,293	46,749
Cash and bank balances	19	330,521	1,183,172	887,751
Due from related parties	28.1	2,899,144	2,000,425	2,492,617
Total current assets		<b>5,980,195</b>	<b>6,296,071</b>	<b>5,622,868</b>
<b>Total assets</b>		<b>13,545,553</b>	<b>12,532,260</b>	<b>12,555,885</b>
<b>Equity and liabilities</b>				
<i>Capital and reserves</i>				
Share capital	20	1,324,719	1,324,719	1,324,719
Share premium	21	434,037	434,037	434,037
Retained earnings	22	5,021,769	5,687,195	4,548,550
Total equity		<b>6,780,525</b>	<b>7,445,951</b>	<b>6,307,306</b>
<i>Non-current liabilities</i>				
Borrowings	23	38,570	38,570	38,570
Retirement benefit obligation	24	327,986	340,373	327,986
Deferred tax liabilities	12	535,908	352,882	535,908
Total non-current liabilities		<b>902,464</b>	<b>731,825</b>	<b>902,464</b>
<i>Current liabilities</i>				
Bank overdraft	19	5,238	5,238	5,236
Trade and other payables	25	1,604,226	2,178,963	2,023,915
Due to related parties	28.2	3,276,557	746,567	2,563,112
Current tax liabilities	12	976,543	1,423,716	753,852
Total current liabilities		<b>5,862,564</b>	<b>4,354,484</b>	<b>5,346,115</b>
<b>Total liabilities</b>		<b>6,765,028</b>	<b>5,086,309</b>	<b>6,248,579</b>
Total equity and liabilities		<b>13,545,553</b>	<b>12,532,260</b>	<b>12,555,885</b>

The financial statements were approved by the board of directors and authorised for issue on 30th April 2015 and signed on its behalf by

NATIONAL SALT COMPANY OF NIGERIA PLC

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD ENDED 31 MARCH 2015

	Share capital N'000	Share premium N'000	Revaluation reserve N'000	Retained earnings N'000	Total equity N'000
<b>Balance at 1 January 2014</b>	<u>1,324,719</u>	<u>434,037</u>	<u>-</u>	<u>5,133,870</u>	<u>6,892,626</u>
					-
Profit for the year				1,867,038	1,867,038
Other comprehensive income for the year (net of tax)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	-	-	-	1,867,038	1,867,038
Adjustment				(67,863)	(67,863)
Payment of dividends				(2,384,495)	(2,384,495)
<b>Balance at 31 Dec, 2014</b>	<u>1,324,719</u>	<u>434,037</u>	<u>-</u>	<u>4,548,550</u>	<u>6,307,306</u>
					-
Profit for the year	-	-	-	473,219	473,219
Other comprehensive income for the year (net of tax)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income	-	-	-	473,219	473,219
Payment of dividends				-	-
<b>Balance at 31 March 2015</b>	<u>1,324,719</u>	<u>434,037</u>	<u>-</u>	<u>5,021,769</u>	<u>6,780,525</u>

**NATIONAL SALT COMPANY OF NIGERIA PLC**

**STATEMENT OF CASH FLOW  
FOR THE PERIOD ENDED 31 MARCH 2015**

	Note	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
<b>Cash flows from operating activities</b>				
Cash receipt from customers		2,872,880	2,213,805	11,748,633
Cash paid to suppliers and employees		(3,130,459)	(1,654,843)	(6,321,873)
		(257,579)	558,962	5,426,760
Value added tax paid		7,489	13,107	(1,403)
Tax paid		-	-	(1,215,812)
Net cash provided by operating activities	26	<b>(250,090)</b>	<b>572,069</b>	<b>4,209,545</b>
<b>Cash flows from investing activities</b>				
Purchase of intangible asset				(281,429)
Purchase of PPE	14	(310,176)	(591,471)	(1,888,350)
Proceed from sale of PPE		-	1,411	24,600
Interest received	7	125	13,571	30,227
Net cash provided by investing activities		<b>(310,051)</b>	<b>(576,489)</b>	<b>(2,114,952)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	22.2	-	-	(2,384,495)
Interest paid		2,909	(5,288)	(15,226)
Net cash provided by financing activities		<b>2,909</b>	<b>(5,288)</b>	<b>(2,399,721)</b>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>(557,232)</b>	<b>(9,708)</b>	<b>(305,128)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>882,515</b>	<b>1,187,643</b>	<b>1,187,643</b>
<b>Cash and cash equivalents at 31 March, 2015</b>		<b>325,283</b>	<b>1,177,935</b>	<b>882,515</b>

## **NATIONAL SALT COMPANY OF NIGERIA PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

#### **1 GENERAL INFORMATION**

National Salt Company of Nigeria Plc. (Now NASCON INDUSTRIES Plc.) was incorporated in Nigeria as a limited liability company on 30 April 1973. It was fully privatized 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 Dangote Industries Limited

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

##### **1.1 The principal activity**

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

##### **1.2 Financial period**

These financial statements cover the financial year from 1 January 2014 to 31 December 2014 with comparatives for year ended 31 December 2013

##### **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.

##### **1.4 Operating environment**

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

**NATIONAL SALT COMPANY OF NIGERIA PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

**2 Application of new and revised International Financial Reporting Standards (IFRSs)**

**2.1 New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in this financial statements**

In the current year, the Company has applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2014.

**Amendments to IFRS 10, IFRS 12 and IAS 27 Investment Entities**

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. To qualify as an investment entity, a reporting entity is required to:

- Obtain funds from one or more investors for the purpose of providing them with professional investment management services.
- Commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both
- Measure and evaluate performance of substantially all of its investments on a fair value basis

Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. The directors of the Company do not anticipate that the investment entities amendments will have any effect on the Group's consolidated financial statements as the Company is not an investment entity.

**Amendments to IAS 32 Offsetting Financial Assets and Financial Liabilities**

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of currently has a legally enforceable right of set-off. The directors of the Company do not anticipate that the application of these amendments to IAS 32 will have a significant impact on the Company's financial statements as the Company does not have any financial assets and financial liabilities that qualify for offset.

**Amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets**

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair Value Measurements. The amendments require retrospective application.

**Amendments to IAS 39 Novation of Derivatives and Continuation of Hedge Accounting**

The amendments to IAS 39 provide relief from the requirement to discontinue hedge accounting when a derivative designated as a hedging instrument is novated under certain circumstances. The amendments also clarify that any change to the fair value of the derivative designated as a hedging instrument arising from the novation should be included in the assessment and measurement of hedge effectiveness. The amendments require retrospective application.

**IFRIC 21 Levies**

IFRIC 21 addresses the issue of when to recognise a liability to pay a levy. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period. IFRIC 21 requires retrospective application.



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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015

2. Application of new and revised International Financial Reporting Standards (IFRSs) (cont'd)

2.2 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments <sup>5</sup>
IFRS 15	Revenue from Contracts with Customers <sup>4</sup>
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations <sup>3</sup>
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation <sup>3</sup>
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants <sup>3</sup>
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions <sup>1</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle <sup>2</sup>
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle <sup>1</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.

<sup>2</sup> Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.

<sup>4</sup> Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.

<sup>5</sup> Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.

**IFRS 9 Financial Instruments**

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9

**Key requirements of IFRS 9:**

• all recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

• in relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of IFRS 9 in the future may have a material impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 9 until the Group undertakes a detailed review.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015

2. Application of new and revised International Financial Reporting Standards (IFRSs) (cont'd)

**IFRS 15 Revenue from Contracts with Customers**

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise 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. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company do not anticipate that the application of IFRS 15 will have a material impact on the Group's consolidated financial statements.

**Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations**

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 Impairment of Assets regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Group's consolidated financial statements.

**Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation**

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

**Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants**

The amendments to IAS 16 and IAS 41 define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

The directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 41 will have a material impact on the Group's consolidated financial statements as the Group is not engaged in agricultural activities.

**Amendments to IAS 19 Defined Benefit Plans: Employee Contributions**

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognise the contributions as a reduction in the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service using the projected unit credit method; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service.

The directors of the Company do not anticipate that the application of these amendments to IAS 19 will have a significant impact on the Group's consolidated financial statements.

**NATIONAL SALT COMPANY OF NIGERIA PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

**2. Application of new and revised International Financial Reporting Standards (IFRSs) (cont'd)**

***Annual Improvements to IFRSs 2010-2012 Cycle***

The Annual Improvements to IFRSs 2010-2012 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to IFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1 July 2014.

The amendments to IFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of IFRS 9 or IAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit or loss. The amendments to IFRS 3 are effective for business combinations for which the acquisition date is on or after 1 July 2014.

The amendments to IFRS 8 (i) require an entity to disclose the judgements made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of IFRS 13 clarify that the issue of IFRS 13 and consequential amendments to IAS 39 and IFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immediately effective.

The amendments to IAS 16 and IAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of property, plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The amendments to IAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

***Annual Improvements to IFRSs 2011-2013 Cycle***

The Annual Improvements to IFRSs 2011-2013 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to IFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, IAS 39 or IFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within IAS 32.

The amendments to IAS 40 clarify that IAS 40 and IFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

- (a) the property meets the definition of investment property in terms of IAS 40; and
- (b) the transaction meets the definition of a business combination under IFRS 3.

The directors of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's consolidated financial statements.

## NATIONAL SALT COMPANY OF NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

#### 3 SIGNIFICANT ACCOUNTING POLICIES

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

##### 3.1 Statement of compliance

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

##### 3.2 Basis of preparation

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.

##### 3.3 Functional and presentation currency

These financial statements are presented in Naira, which is the Company's functional currency. All financial information presented in Naira has been rounded to the nearest thousand.

##### 3.4 Revenue recognition

Revenue is 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.

##### Sale of goods

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

The Company has transferred to the buyer the significant risks and rewards of ownership of the goods;  
The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;  
The amount of revenue can be measured reliably;  
It is probable that the economic benefits associated with the transaction will flow to the Company; and  
The costs incurred or to be incurred in respect of the transaction can be measured reliably.  
Specifically, revenue from the sale of goods is recognised when goods are delivered (or collected, if sold under self-collection terms) and legal title is passed.

##### 3.5 Interest income

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

## NATIONAL SALT COMPANY OF NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

#### 3.6 Employee Benefits

##### 3.6.1 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.

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.

#### 3.7 Taxation

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

##### Current tax

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

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

##### Deferred tax

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

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

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

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

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

## NATIONAL SALT COMPANY OF NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

#### 3.8 Property, plant and equipment

##### 3.8.1 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.

##### 3.8.2 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.

##### 3.8.3 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 periods are as follows:

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

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.

## NATIONAL SALT COMPANY OF NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

#### 3.8 Property, plant and equipment (cont'd)

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

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

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

#### 3.9 Leases

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

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

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

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

#### 3.10 Intangible assets

##### Intangible assets acquired separately

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

##### Derecognition of intangible assets

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

#### 3.11 Impairment of tangible and intangible assets excluding goodwill

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

**3.11 Impairment of tangible and intangible assets excluding goodwill (cont'd)**

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

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

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

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

**3.12 Inventories**

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

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

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

**3.13 Provisions**

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

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

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

**3.13.1 Onerous contracts**

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

**3.13.2 Environmental costs**

Costs incurred that result in future economic benefits, such as extending useful lives, increasing capacity or safety, and those costs incurred to mitigate or prevent future environmental contamination are capitalized. When the Company's management 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 we do not have a reliable reversal time schedule or when the effect of the passage of time is not significant, the provision is calculated based on undiscounted cash flows.

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



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015

**3.14 Financial instruments**

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

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

**Financial assets**

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

**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.

**Loans and receivables**

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

**Impairment of financial assets**

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

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

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

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

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

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

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

## NATIONAL SALT COMPANY OF NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

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

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

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

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

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

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

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

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

##### **Equity instruments**

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

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

##### **Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at fair value through 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.

##### **Other financial liabilities**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

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

##### **Derecognition of financial liabilities**

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

## NATIONAL SALT COMPANY OF NIGERIA PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

#### 3.17 Earnings per share

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

#### 3.18 Foreign currency transactions and translation

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

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

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

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

#### 3.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 3.20 Government grants

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

**4 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's significant accounting policies, described in note 3, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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.

**4.1 Key sources of estimation uncertainty**

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

**4.2 Useful life of property, plant and equipment**

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

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

**4.3 Allowance for credit losses**

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

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

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

**NATIONAL SALT COMPANY OF NIGERIA PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

**5 Revenue**

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

	<b>31/3/2015 N'000</b>	<b>31/3/2014 N'000</b>	<b>31/12/2014 N'000</b>
Revenue from sales of salt and seasoning (Note 5.1)	2,427,606	2,507,147	9,853,642
Freight income	445,679	187,484	1,396,902
	<b><u>2,873,285</u></b>	<b><u>2,694,631</u></b>	<b><u>11,250,544</u></b>

**5.1** The amount represents revenue realised during the year on the sale of Edible, Refined, Bulk, Industrial salt as well as Seasoning.

**5.2** Our major customers are as follows:

Alh Sani Adamu Trader  
Alh Ali Balarabe Musa  
West African Popular Food  
Alh Sabo Dankoli  
Alh Salisu Sambajo

None of the customers above contributed up to 10% of the total revenue earned in the period ended 31 March, 2015

Others 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 refined salt 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.

**5.4 Geographical Information**

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

	<b>31/3/2015 N'000</b>	<b>31/3/2014 N'000</b>	<b>31/12/2014 N'000</b>
EAST	235,609	221,005	922,735
WEST	896,464	756,302	3,157,688
NORTH	1,741,212	1,717,324	7,170,121
	<b><u>2,873,285</u></b>	<b><u>2,694,631</u></b>	<b><u>11,250,544</u></b>

**5.4.1 Distributors**

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

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

**NATIONAL SALT COMPANY OF NIGERIA PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

<b>6</b>	<b>Cost of Sales</b>	<b>31/3/2015 N'000</b>	<b>31/3/2014 N'000</b>	<b>31/12/2014 N'000</b>
	Direct material cost	1,142,465	894,614	3,976,634
	Direct labour cost	165,581	138,659	729,404
	Direct overhead	140,281	199,531	668,253
	External Haulage	302,509	212,492	1,415,210
	Depreciation	191,324	159,829	608,042
	Loading	11,764	13,270	67,241
		<b>1,953,924</b>	<b>1,618,395</b>	<b>7,464,784</b>
<b>7</b>	<b>Investment income</b>			
	<b>Interest income:</b>	125	19	437
	Bank deposits (Note 7.1)	-	5,002	11,104
	Fixed deposits	-	8,550	18,686
	Commercial paper			
		<b>125</b>	<b>13,571</b>	<b>30,227</b>

7.1 The interest income on bank deposits were earned at the average rate of 9% per annum

<b>8</b>	<b>Other Income</b>	<b>31/3/2015 N'000</b>	<b>31/3/2014 N'000</b>	<b>31/12/2014 N'000</b>
	Sale of scrap	404	33	21,134
	Gain on disposal of asset	-	1,411	9,554
	Credits no longer required (Note 8.1)	-	-	15,306
	Tax provision	-	-	31,731
	Discount Received	-	-	8,150
	Insurance Claim	-	-	17,002
		80,460	-	-
		<b>80,864</b>	<b>1,444</b>	<b>102,877</b>

8.1 Credits no longer required relates to the release of accruals for which there are no existing liabilities while in the prior year the amount relates to the release of credit balances in some depots which dates back to 2005

**NATIONAL SALT COMPANY OF NIGERIA PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2015**

**9 Administrative Expenses**

	<b>31/3/2015 N'000</b>	<b>31/3/2014 N'000</b>	<b>31/12/2014 N'000</b>
Directors remuneration	31,389	12,400	80,816
Salaries & related staff costs	96,242	89,501	333,101
Management fee	22,500	51,307	87,725
Depreciation	20,375	12,523	70,650
Amortisation of licence	23,452	-	46,436
Impairment loss	-		1,172
Utilities	17,393	19,275	66,319
IT & communication cost / Insurance	30,115	26,058	109,959
Transport , travelling & Accommodation	13,499	17,853	73,468
AGM Expenses	3,750	3,000	9,767
Audit fee	4,250	3,000	15,500
Legal, professional and development expenses	12,481	7,189	28,607
	<b>275,447</b>	<b>242,106</b>	<b>923,520</b>

**10 Finance Cost**

Bank charges	2,909	5,288	15,226
	<b>2,909</b>	<b>5,288</b>	<b>15,226</b>

**11 Profit before tax for the year from continuing operations**

Profit before tax for the year is arrived after charging the following:

	<b>31/3/2015 N'000</b>	<b>31/3/2014 # N'000</b>	<b>31/12/2014 N'000</b>
Depreciation expense	203,697	159,829	678,691
Amortisation expense	23,452		46,436
Management fee	22,500	51,307	87,242
Director's remuneration	31,389	12,400	80,816
Legal and professional fees	12,481	7,189	15,052
Staff cost	261,823	228,160	1,062,505
Provision for bad & doubtful debts	-	-	1,172
Auditor's remuneration	4,250	3,000	15,500

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12 Taxation

12.1 Income tax recognised in profit or loss

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
<b>Current tax</b>			
Current tax expense	208,773	244,113	686,221
Education tax	13,918	16,274	70,286
Adjustment for prior periods	-	-	49,829
	<u>222,691</u>	<u>260,387</u>	<u>806,336</u>
<b>Deferred tax</b>			
Deferred tax expense	-	-	183,026
Total income tax recognised in current year	<u>222,691</u>	<u>260,387</u>	<u>989,362</u>

The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21 LFN 2004, 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:

12.2 The income tax expense for the year can be reconciled to the accounting

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
Profit before tax from continuing operations	695,909	813,710	2,856,399
Income tax expense calculated at 30% (2013: 30%)	208,773	244,113	856,919
Education tax assessable at 2% of assessable profit	13,918	16,274	70,287
Effect of expenses that are not deductible in determining taxable	-	-	32,349
Effect of concessions (research and development and other	-	-	(15,611)
Effect of profit on actuarial revaluation recognised in other	-	-	-
Unbooked difference	-	-	(4,411)
Adjustments recognised in the current year in relation to the current	-	-	-
Adjustments recognised in the current year in relation to the current	-	-	49,829
Income tax expense recognised in profit and loss (relating to continuing operations.	<u>222,691</u>	<u>260,387</u>	<u>989,362</u>
	<u>-</u>	<u>-</u>	<u>-</u>

12.3 Current tax assets and liabilities

Income tax payable	976,543	1,423,715	753,852
	<u>976,543</u>	<u>1,423,715</u>	<u>753,852</u>

12.4 Current tax liabilities in the statement of financial position

Balance, beginning of the year	753,852	1,163,328	1,163,328
Charge for the year	222,691	260,387	806,336
Payment made during the year.	-	-	(1,165,983)
Prior year payment	-	-	(49,829)
Balance, end of the year	<u>976,543</u>	<u>1,423,715</u>	<u>753,852</u>

12.5 Deferred tax balance

Deferred tax liabilities	535,908	352,882	535,908
	<u>535,908</u>	<u>352,882</u>	<u>535,908</u>

12.5.1 Movement in deferred tax payable account

Balance, beginning of the year	535,908	352,882	352,882
Charge for the year	-	-	183,026
Discontinued operation	-	-	-
Balance, end of year	<u>535,908</u>	<u>352,882</u>	<u>535,908</u>

Deferred tax as at 31 December 2014 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.



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12.6 Analysis of deferred tax is made up of

	Opening balance	Recognized in profit or loss	Recognised in Other Comprehensive Income	Closing balance
<b>31/3/15</b>				
Deferred tax (asset) or liability in relation to:				
Property, plant and equipment	879,177	-	-	879,177
Allowance for doubtful debt	(244,873)	-	-	(244,873)
Provisions for employee benefit	(98,396)	-	-	(98,396)
Provision for obsolete spares	-	-	-	-
	<b>535,908</b>	<b>-</b>	<b>-</b>	<b>535,908</b>
<b>31/12/14</b>				
Deferred tax asset or liability in relation to:				
Property, plant and equipment	719,041	160,136	-	879,177
Allowance for doubtful debt	(244,873)	-	-	(244,873)
Provisions for employee benefit	(102,112)	3,716	-	(98,396)
Provision for obsolete spares	(19,174)	19,174	-	(0)
	<b>352,882</b>	<b>183,026</b>	<b>-</b>	<b>535,908</b>

13 Earnings per share

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
Profit for the year attributable to the owners of	473,218	553,322	1,867,036
Earnings used in the calculation of basic earnings per share	473,218	553,322	1,867,036
Weighted average number of ordinary shares for the purpose of basic earnings per share	2,649,438	2,649,438	2,649,438
<b>Basic &amp; Diluted earnings per share (kobo)</b>			
From continuing operations	71	84	70

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## 14 Property Plant and equipment

	FREEHOLD LAND & BUILDING N'000	PLANT & MACHINERY N'000	TOOLS & EQUIPMENT N'000	MOTOR VEHICLES N'000	COMPUTER EQUIPMENT N'000	FURNITURE & FITTINGS N'000	CAPITAL WORK- IN-PROGRESS N'000	TOTAL N'000
<b>COST:</b>								
Balance as at 1/1/2015	543,959	2,530,853	45,515	2,591,587	53,699	70,395	3,691,008	9,527,015
Additions	7,258	-	-	-	-	554	302,364	310,176
Disposal	-	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-
Balance at 31 March, 2015	<b>551,217</b>	<b>2,530,853</b>	<b>45,515</b>	<b>2,591,587</b>	<b>53,699</b>	<b>70,949</b>	<b>3,993,372</b>	<b>9,837,191</b>
<b>Accumulated depreciation and impairment</b>								
Balance at 1 January 2015	61,125	868,905	16,465	1,256,980	40,078	46,993	-	2,290,546
Depreciation expense	2,649	42,104	2,194	153,232	1,769	1,748	-	203,697
Eliminated on disposal	-	-	-	-	-	-	-	-
Balance at 31 March, 2015	<b>63,775</b>	<b>911,009</b>	<b>18,659</b>	<b>1,410,212</b>	<b>41,847</b>	<b>48,741</b>	<b>-</b>	<b>2,494,243</b>
<b>Carrying amount</b>								
At 31 March 2015	<b>487,442</b>	<b>1,619,843</b>	<b>26,856</b>	<b>1,181,375</b>	<b>11,852</b>	<b>22,208</b>	<b>3,993,372</b>	<b>7,342,947</b>
At 31 December 2014	<b>482,833</b>	<b>1,661,948</b>	<b>29,051</b>	<b>1,334,607</b>	<b>13,621</b>	<b>23,402</b>	<b>3,138,017</b>	<b>6,683,479</b>

## 14.1 Work-in-progress

Work-in-progress comprises amounts expended on palm oil plant and tomato plant.

14.2 The Company's freehold land and buildings are stated at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated impairment losses. The fair value measurement to the Company's freehold land and buildings was performed by Messrs Dan Odiete & Co. (Estate Surveyors, Valuers and Real Estate Consultants) on 22nd November 1994 and Alagbe & Partners (Estate Surveyors and Valuers) in July 2002 on the basis of the open market capital value. The surplus arising from the revaluations was credited to revaluation reserve account but transferred to retained earnings on transition to IFRS in 2012.

## 14.3 Assets pledged as security

None of the company's assets were pledged as security for any liabilities as at 31 March 2015 (2014:Nil)

## 14.4 Capital commitments

The company's total capital commitments as at 31 March, 2014 amounted to N575.2million in respect of the new factories for tomato paste, seasoning and vegetable oil at Otta, Ogun State, Nigeria

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15 Intangible Assets	31/3/2015	31/3/2014	31/12/2014
Cost	N'000	N'000	N'000
At January 2015	281,429	-	-
Additions	-	-	281,429
Balance at 31 March 2015	<u>281,429</u>	<u>-</u>	<u>281,429</u>
<b>Amortization</b>			
At January 2015	46,436	-	-
Amortization expenses	23,452	-	46,436
Balance at 31 March 2015	<u>69,888</u>	<u>-</u>	<u>46,436</u>
<b>Carrying amount</b>			
At 31 March 2015	<u>211,541</u>	<u>-</u>	<u>234,993</u>

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

16 Other assets	31/3/2015	31/3/2014	31/12/2014
	N'000	N'000	N'000
Prepayments:			
Rent	49,527	82,279	30,245
Insurance	217	-	2,377
SAP implementation	-	199,543	-
Import duties on deposit for imports (Note 16.1)	41,950	8,009	28,672
	<u>91,694</u>	<u>289,831</u>	<u>61,294</u>
Current	80,824	273,293	46,749
Non-current	10,870	16,538	14,545
	<u>91,694</u>	<u>289,831</u>	<u>61,294</u>

16.1 Represents deposits for clearing and other shipping charges with respect to the deposit for raw salt

17 Inventories	31/3/2015	31/3/2014	31/12/2014
	N'000	N'000	N'000
Raw materials	1,275,396	1,093,513	305,854
Finished goods	482,132	268,935	916,812
Spare parts and consumables (Note 17.1)	62,925	79,303	60,914
Packaging Materials	175,583	63,221	176,910
Oil and Lubricants	17,818	13,537	11,078
	<u>2,013,854</u>	<u>1,518,509</u>	<u>1,471,568</u>

17.1 The provision for obsolete spares in 2013 relates to spares for which the associated equipment are already written off in the current year and thus no more in operations and because they are specialised spares have no significant alternative use.

**Movement in stock of spares**

	31/3/2015	31/3/2014	31/12/2014
	N'000	N'000	N'000
Cost	62,925	79,303	60,914
Allowance for obsolete spares	-	-	-
	<u>62,925</u>	<u>79,303</u>	<u>60,914</u>

17.2 No inventory was pledged as security for any liability

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18 Trade and other receivables

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

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

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.

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
Trade debtors (18.3)	1,177,146	1,626,507	1,095,878
Allowance for bad and doubtful debts (18.4)	(816,243)	(817,094)	(816,243)
	<b>360,903</b>	<b>809,413</b>	<b>279,635</b>
Staff loans and advances (Note 18.1)	139,267	114,349	74,920
Advance to suppliers (Note 18.2)	125,722	366,559	321,067
Transport income receivable	-	-	28,440
Insurance claim receivable	16,629	18,203	16,629
VAT receivable	28,953	27,771	28,834
	<b>671,474</b>	<b>1,336,295</b>	<b>749,525</b>
Allowance for doubtful Insurance claim receivable	(15,623)	(15,623)	(15,623)
Allowance for doubtful staff loans and advances	-	-	(9,719)
	<b>655,852</b>	<b>1,320,672</b>	<b>724,183</b>

18.1 Amount relates to loans and advances to employees of the company which mainly are due within one year.

18.2 Amount relates to advance payment made to suppliers for provision of services for which benefits have not been received.

18.3 Ageing of past due but not impaired receivables

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
61-90 Days	290,347	568,850	231,931
91-360 Days	68,756	240,563	47,703
Total	<b>359,103</b>	<b>809,413</b>	<b>279,634</b>

Average age (days)

18.4 Movement in the allowance for doubtful debts

At 1 January	816,243	817,094	816,243
Amount recovered during the year	-	-	-
At 31 December	<b>816,243</b>	<b>817,094</b>	<b>816,243</b>

In determining the recoverability of a trade receivable, the Company considers any change in the 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.

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
<b>Ageing of impaired trade receivables</b>			
60 - 90days	-	-	-
91 - 120days	-	-	-
121 + days	816,243	817,094	816,243
	<b>816,243</b>	<b>817,094</b>	<b>816,243</b>

19 CASH AND CASH EQUIVALENTS

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

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
Cash in hand	5,413	7,302	5,831
Bank balance	325,108	602,167	881,920
Short term deposits	-	573,703	-
	<b>330,521</b>	<b>1,183,172</b>	<b>887,751</b>
Bank overdrafts (Note 19.1)	(5,238)	(5,238)	(5,236)
	<b>325,283</b>	<b>1,177,934</b>	<b>882,515</b>

19.1 Bank overdraft relates to outstanding debts with some Nigerian defunct bank

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20 Share capital

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
<b>Authorised share capital:</b>			
4,000,000,000 ordinary shares of 50kobo each	2,000,000	2,000,000	2,000,000
<b>Issued and fully paid:</b>			
2,649,438,000 ordinary shares of 50kobo each	1,324,719	1,324,719	1,324,719
	<b>1,324,719</b>	<b>1,324,719</b>	<b>1,324,719</b>
<b>21 Share Premium</b>			
1995 :Rights issue 65,846,667 ordinary shares of 50k each at 2.84 premium	156,793	156,793	156,793
2007: Share Conversion	404,303	404,303	404,303
Less Deferred charges written off	(127,059)	(127,059)	(127,059)
	<b>434,037</b>	<b>434,037</b>	<b>434,037</b>
<b>22 Retained earnings</b>			
At 1 January	4,548,550	5,133,870	5,133,870
Dividend declared and paid	-	-	(2,384,495)
Profit for the year	473,219	-	1,867,038
Adjustment	-	553,322	(67,863)
At 31 December	<b>5,021,769</b>	<b>5,687,192</b>	<b>4,548,550</b>

22.1 At the Annual General Meeting held on 19th June 2014, the shareholders approved that dividend of 90k be paid to shareholders (total value N2.384billion) for the year ended 31 December 2013. In respect of the current year, The Directors propose that a dividend of 50k per ordinary share be paid to shareholders.

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22.2 Dividend

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
Summary			
At 1 January	-	-	-
Dividend declared	-	-	2,384,495
	-	-	2,384,495
Payments - Meristem Registrars	-	-	(2,384,495)
At 31 December	-	-	-

23 Government grant

Unsecured borrowing at amortized cost:

Debenture	38,570	38,570	38,570
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At the time of privatisation in 1992, the debt owed 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.

24 Retirement benefit obligation

24.1 Movement in gratuity

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
<b>Balance as at 1 January</b>	327,986	340,373	340,373
Current Service cost	-	-	-
Benefits paid out	-	-	(12,387)
<b>Balance as at 31 March, 2015</b>	<b>327,986</b>	<b>340,373</b>	<b>327,986</b>

As at the date of the valuation, no fund has been set up from which payments can be disbursed

24.2 Defined benefit Plan

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.

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

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
Current Service cost	-	-	-
Interest Cost	-	-	-
Past Service cost	-	-	-
Curtailment (Gains)	-	-	-
Expected Return on Plan asset	-	-	-
Net (Gain)/Charge	-	-	-

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**24.4 Defined contribution plans**

The Company operates defined contribution retirement benefit plans for its Nigerian employees. The assets of the plans are held separately from those of the company and managed by Pension Fund Administrators. The scheme is funded in accordance with the Pension Reform Act of 2014 with the employee and employer contribution representing 8% and 10% respectively of the employee's relevant emoluments effective July 2014 and 7.5% of basic, housing and transport prior to July 2014.

**24.5 Staff pension**

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
At 1 January	6,186	4,594	4,594
Contributions during the year	10,247	17,165	78,405
Remittance in the year	(14,560)	(16,140)	(76,813)
At 31 December	<b>1,873</b>	<b>5,619</b>	<b>6,186</b>

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 N10.2m represents contributions payable to this plan by the company as at 31 March, 2015. The N1.8m balance represents March contribution which has been paid in April 2015.

**25 Trade and other payables**

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
Trade creditors	464,203	743,897	640,238
Other creditors and accruals	422,610	450,500	174,317
Value added tax	21,464	14,664	30,237
Customers deposit (Note 25.2)	678,782	910,085	1,121,986
Withholding tax payable	11,887	48,056	50,840
PAYE	3,408	6,143	112
Staff pension	1,872	5,618	6,185
	<b>1,604,226</b>	<b>2,178,963</b>	<b>2,023,915</b>

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

**25.2 Customer's deposit**

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
New deposits	678,782	910,085	1,121,986
At 31 March	<b>678,782</b>	<b>910,085</b>	<b>1,121,986</b>

Customers' deposits relate to amount deposited by customers for which delivery has not been made during the period.

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26 Reconciliation of net income to net cash  
provided by operating activities

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
Profit after tax	473,219	553,325	1,867,036
<b>Adjustments to reconcile profit after tax to net cash provided</b>			
Depreciation	203,697	159,829	678,691
Amortisation of intangible assets	23,452	-	46,436
Interest payable and similar charges (Note 10)	2,909	5,288	15,226
Interest receivable and similar income (Note 7)	(125)	(13,571)	(30,227)
Adjustment to fixed assets	-	-	-
Profit on sale of assets (Note 8)	-	-	(9,554)
<b>Changes in assets and liabilities</b>			
(Increase)/decrease in inventory	(542,286)	(284,698)	(656,085)
Decrease/(increase) in trade and other receivables	68,331	(400,908)	395,212
Increase in due from related parties	(406,527)	-	(759,685)
Decrease/(increase) in other assets - short term	(34,075)	61,937	706,811
(Increase)/decrease in other assets - long term	3,675	(16,538)	(14,545)
Increase/(decrease) in trade and other payables	(419,689)	245,402	776,357
Increase in due to related parties	160,458	-	1,172,519
Decrease in retirement benefit obligation	-	-	(12,387)
Increase/(decrease) in deferred tax	-	-	183,026
Decrease in tax payable	222,691	262,003	(409,476)
	-	-	-
Total adjustments	<b>(717,489)</b>	<b>18,744</b>	<b>2,082,319</b>
<b>Net cash provided by operating activities</b>	<b>(244,270)</b>	<b>572,069</b>	<b>3,949,355</b>

27 Risk management

Risk management roles and responsibilities are assigned to stake holders in the company at three levels: The board, executive committee and line managers.

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

The second level is performed by the Executive Management Committee (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 frame work. 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 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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27.1 Capital Risk Management

The capital structure of the company consists of net debt (which includes the borrowings disclosed in note 23, offset by cash and cash equivalents) and equity attributable to equity holders of the parent, 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.

27.1.1 Gearing ratio

The gearing ratio at the year end is as follows

	31/3/2015 N'000	31/12/2014 N'000
Debt	(43,808)	(43,806)
Cash and cash equivalents	<u>330,521</u>	<u>887,751</u>
Net Debt (i)	<u>286,713</u>	<u>843,945</u>
Equity(ii)	<u>6,780,525</u>	<u>6,307,306</u>
<b>Net debt to equity ratio</b>	<u>4.23%</u>	<u>13.38%</u>

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

27.1.2 Categories of financial instruments

	31/3/2015 N'000	31/12/2014 N'000
<b>Assets</b>		
Trade and other receivables	655,852	724,183
Due from related parties	2,899,144	2,560,480
Cash and cash equivalents	330,521	887,751
<b>Liabilities</b>		
Overdraft	5,238	5,236
Trade and other payables	1,604,226	2,023,916
Due to related parties	3,276,557	2,563,112

27.2 Significant accounting policies

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

27.3 Foreign currency financial and credit risk

The company is exposed to market, credit and liquidity risks. The parent company's internal audit and risk management team is responsible for monitoring its exposure to each of the mentioned risks. This policy provides guidance over all treasury and finance related matters and is 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.

27.4 Sensitivity analysis for interest rate

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

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**27.5 Credit risk management**

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

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

About 16% of the trade receivables are due from a single customer whose credit history is good. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are otherwise diverse including both corporate entities and lots of individual end users. The requirement for impairment is analyzed at each reporting date on an individual basis for corporate and individual customers

**27.5.1 Deposits with banks and other financial institutions**

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

**27.5.2 Maximum exposure to credit risks**

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

	<b>31/3/2015</b>	<b>31/12/2014</b>
	<b>N'000</b>	<b>N'000</b>
Trade Receivables	360,903	279,635
Other Receivable	294,948	444,548
Cash and cash equivalents	325,283	882,515
Amount due from related party	<u>2,899,144</u>	<u>2,560,480</u>
	<b><u>3,880,278</u></b>	<b><u>4,167,178</u></b>

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27.6 Liquidity risk management

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

27.6.1 Liquidity and interest risk tables

The following tables detail the company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the 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.

27.6.2 Liquidity risk management

31/12/2015

Maturity analysis

	Total	0-3 months N'000	3-6 months N'000
<b>Financial liabilities</b>			
Trade payables	464,203	385,165	79,038
Other payables	1,140,023	808,322	331,701
Due to related parties	3,276,558	165,760	3,110,798
Overdrafts	5,238	5,238	-
Government grant	38,570	38,570	-
	<b>4,924,592</b>	<b>1,403,055</b>	<b>3,521,537</b>

27.6.3 Liquidity risk management

Maturity analysis

31/12/2014

	Total	0-3 months N'000	3-6 months N'000
<b>Financial liabilities</b>			
Trade payables	640,238	465,197	175,041
Other payables	1,383,678	927,822	455,856
Due to related parties	2,563,112	323,289	2,239,823
Overdrafts	5,236	5,236	-
Government grant	38,570	38,570	-
	<b>4,630,835</b>	<b>1,760,115</b>	<b>2,870,720</b>

27.7 Fair value of financial instruments

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	
	31/3/2015 N'000	31/12/2014 N'000	31/3/2015 N'000	31/12/2014 N'000
<b>Financial Asset</b>				
Trade and other receivables	655,852	724,183	655,852	724,183
Due from related parties	2,899,144	2,560,480	2,899,144	2,560,480
Cash and cash equivalents	330,521	887,751	330,521	887,751
<b>Financial Liabilities</b>				
Bank Loans (Overdrafts)	5,236	5,236	5,236	5,236
Trade and Other Payables	1,604,226	2,023,916	1,604,226	2,023,916
Due to related parties	3,276,557	2,563,112	3,276,557	2,563,112
Employee Benefit	327,986	327,986	327,986	327,986
Government Grant	38,570	38,570	38,570	38,570

The Book value of the Trade and other receivables is arrived at by factoring allowance 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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28.1 Intercompany receivables

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
<b>Parent and ultimate controlling party</b>			
Dangote Industries Limited (Parent)	-	229,619	-
Allowance for doubtful debt	-	-	-
	<b>-</b>	<b>229,619</b>	<b>-</b>
<b>Other related party receivables</b>			
Dangote Pasta Limited	7,918	7,918	7,918
Dangote Sugar Refineries	96,032	32,381	45,257
Dangote Noodles Limited	5,044	7,410	8,199
Dansa Foods Limited	-	-	-
Dangote Cement - Ibeshe	49,392	29,455	44,462
Obajana Cement	478	478	5,418
Agrosack Ltd	-	-	-
Dangote Transport	-	-	9,838
Dangote Logistic	-	67,863	-
Dangote Foundation	12,542	12,976	12,542
DANCOM	-	-	-
Bulk Commodities Ltd	2,727,738	1,612,325	2,358,983
Provision for doubtful related party receivables	-	-	-
	<b>2,899,144</b>	<b>1,770,806</b>	<b>2,492,617</b>
	<b>2,899,144</b>	<b>2,000,425</b>	<b>2,492,617</b>

28.2 Intercompany payables

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
<b>Parent and ultimate controlling party</b>			
Dangote Industries Limited (Parent)	1,192,816	-	1,231,870
<b>Other related party payables</b>			
Dangote Pasta Limited	-	-	-
Dangote Sugar Refineries	87,172	101,410	70,298
Dangote Noodles Limited	-	-	-
Dansa Foods Limited	4,674	-	5,059
Dangote Cement	24,194	24,194	24,194
Obajana Cement	-	-	466
Agrosack Ltd	91,091	56,658	91,091
Dangote Transport	22,962	22,962	22,962
Dangote Logistic	-	-	-
Dangote Head office	610,194	-	633,791
Dangote Foundation	-	-	-
Benue Cement	81,922	81,922	81,922
Benue Cement-Truck scheme	54,398	54,398	54,398
DANCOM	18,907	54	23,772
Bulk Commodities Ltd	1,088,227	404,969	323,289
Provision for doubtful related party receivables	-	-	-
	<b>2,083,741</b>	<b>746,567</b>	<b>1,331,242</b>
	<b>3,276,557</b>	<b>746,567</b>	<b>2,563,112</b>

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29.1 Identity of related parties

**Related parties**

Dangote Transport Limited  
Dangote Sugar Refinery Plc.

Dansa Foods Limited

Dangote Flour Mills Plc.

Dangote Pasta Limited

Dangote Industries Limited

Dangote Noodles Limited

Dangote Agrosacks

Green view Development Company Limited

Benue Cement

DANCOM

Dangote Cement Plc.

Obajana Cement

Dangote Logistics

**Nature of related party transactions**

Fellow subsidiary company -- provides haulage services

Fellow subsidiary company -- buys crude salt and also provide warehouse facility for which NASCON pays rent

An entity controlled by a key management personnel of the Company that has trading relationship with the Company.

Fellow subsidiary

Fellow subsidiary - NASCON provides haulage services

Parent company -- provides management support

Fellow subsidiary company -- buys Table salt

Fellow subsidiary -- Supplies empty sacks for bagging finished salt

Fellow subsidiary

Fellow subsidiary-NASCON buys trucks

Fellow subsidiary-Service provider for IT services

Fellow subsidiary company that buys crude salt

Fellow subsidiary -NASCON provides haulage services

Fellow subsidiary-was using NASCON (OTTA) warehouse for truck custody

**Information regarding Director and employees**

29.2 Directors

	31/3/2015 N'000	31/3/2014 N'000	31/12/2014 N'000
Director's emoluments comprise:			
Fees	5,125	-	20,500
Salaries	22,223	7,223	28,891
Sitting allowance	4,042	5,177	31,425
	<b>31,390</b>	<b>12,400</b>	<b>80,816</b>

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

N'000	Number	Number	Number
0 - 5000	-	-	-
20000 -25000	-	1	-
26000 -31000	2	-	1
38000 -43000	-	-	-

29.3 Employees

Number of employees in receipt of emoluments excluding allowances and pension costs within the following ranges were:

N'000	31/3/2015	31/3/2014	31/12/2014
0 - 5000	514	463	502
5000 -10000	23	16	14
	<b>537</b>	<b>479</b>	<b>516</b>

Average number of employees employed during the year:

	31/12/2014	31/3/2014	31/12/2014
Management	21	21	26
Senior Staff	130	94	112
Junior Staff	386	364	378
<b>Total</b>	<b>537</b>	<b>479</b>	<b>516</b>

Aggregate payroll costs:

	31/3/2015	31/3/2014	31/12/2014
Wages, salaries, allowances and other benefits	261,823	234,160	1,062,505
Pension cost	5,738	9,612	41,578

## **NATIONAL SALT COMPANY OF NIGERIA PLC**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015**

#### **30 Capital commitments**

##### **New Tomato paste manufacturing plant**

The company's total capital commitments as at 31 March, 2015 amounted to N575.2million in respect of the new factories for tomato paste, seasoning and vegetable oil at otta Ogun State, Nigeria (2014: N238.9billion).

#### **31 Contingent assets and Contingent liabilities**

There is a litigation case filed against the entity's parent company (Dangote Industries Limited). Based on the Company's solicitor's advice, the directors assess that there is a possible liability arising from a joint obligation out of the case.

#### **32 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 31 March 2015 that have not been taken into account in these financial statements.

##### **32.1 Proposed Dividends**

At the Annual General Meeting held on 19th June 2014, the shareholders approved that dividend of 90k amounting to N2.384billion be paid to shareholders for the year ended 31 December 2013. In respect of the current year, the Directors propose that a dividend of 50 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 N1.32billion.

#### **33 Approval of financial statements**

The board approved the financial statements during its meeting of