

NIPCO PLC

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

Contents	Page
Preamble	
Overview of NIPCO Plc	
Vision, mission and values	
Corporation Information	
Financial highlights	1
Directors profile	2
Business Overview	
Chairman's statement	
Corporate Governance Report	
Directors' report	3 - 7
Sustainability report	8 - 9
Strategic report	10
Corporate governance overview	11 - 15
Complaints management policy	16 - 17
Statement of directors' responsibilities	18
Statement of corporate responsibility for financial statements	19
Audit committee report	20
Report of the Independent Auditors	21 - 24
IFRS Financial Statements	
Statement of profit or loss and other comprehensive income	
Statement of financial position	
Statement of changes in equity	
Statement of cash flows	
Notes to the financial statements	25 - 71
National Disclosures	
Statement of value added	72
5 Years financial summary	73 - 74

NIPCO PLC

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

BOARD OF DIRECTORS, PROFESSIONAL ADVISERS, ETC.

Registration Number: RC 399339

Tax Identification Number (TIN) TIN 01622955-0001

Board of Directors:

	Designation	Nationality
Chief (Dr) Bestman P. Anekwe	Chairman	Nigerian
Suresh Kumar	Managing Director	Indian
Alhaji Abdulkadir Aminu (Sarkin Hurmi Adamawa)	Group Executive Director (Corporate Services)	Nigerian
Ramesh Virwani	Non-Executive Director	Indian
Alhaji Habu Jajire	Non-Executive Director	Nigerian
Alhaji Sharif Usmania	Non-Executive Director	Nigerian
Alhaji Umaru Ngelzarma	Non-Executive Director	Nigerian
Alhaji Sani Yau	Non-Executive Director	Nigerian
Grace O. Idowu (Mrs.)	Non-Executive Director	Nigerian
Ramesh Kansagra	Non-Executive Director	Nigerian
Rishi Kansagra	Non-Executive Director	British
Tunji Adeniji	Non-Executive Director	British
		Nigerian

Deceased 28 July 2022

Registered Office: 1 & 15 Dockyard Road
Apapa, Lagos State

Company Secretaries: P. C. Obi & Co.
Providence Chambers
37 Norman Williams Street
Off Awolowo Road, S. W. Ikoyi
Lagos State, Nigeria

Independent Auditors: Grant Thornton Nigeria
(Chartered Accountants)
2A Ogalade Close
Off Ologun Agbaje, Off Adeola Odeku Street
Victoria Island
Lagos State.

Registrar: Coronation Registrars Limited
9-12 Amodu Ojikutu Street
Off Saka Tinubu Street
Victoria Island, Lagos State.

Bankers: Access Bank Plc
Eco Bank Plc
Fidelity Bank Plc
First Bank of Nigeria Limited
First City Monument Bank Plc
Globus bank
Guaranty Trust Bank Plc
Lotus Bank
Stanbic IBTC Bank Plc
Standard Chartered Bank UK
Titan Trust Bank
Union Bank of Nigeria Plc
United Bank for Africa Plc
Zenith Bank Plc
Nova Merchant Bank Limited
Sterling Bank Plc

NIPCO PLC

FINANCIAL HIGHLIGHTS

	Group			Company		
	2022 N'000	2021 N'000	Change %	2022 N'000	2021 N'000	Change %
Revenue	850,249,596	551,350,194	54	461,264,956	298,978,291	54
Profit before taxation	28,653,275	10,162,745	182	10,972,030	4,052,483	171
Taxation	(11,039,580)	(4,464,509)	147	(2,698,662)	(2,041,074)	32
Profit after taxation	17,613,695	5,698,236	209	8,273,368	2,011,409	311
Total comprehensive income	63,043,464	3,178,561	1,883	30,195,999	2,037,695	1,382
Earnings per share (N)	93.86	30.36	209	44.09	10.72	311
Dividend per share (N)	-	-	-	5.00	3.25	54
Total assets	519,637,080	392,684,992	32	282,319,386	226,008,482	25
Total liabilities	315,660,105	267,342,239	18	175,968,829	149,244,002	18
Issued and fully paid share capital (Units)	187,668	187,668	-	187,668	187,668	-

NIPCO PLC
CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Directors Report

The directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2022, which disclose the state of affairs of the company.

Legal Form

The company was incorporated as a private limited liability company on 08 January 2001 with an authorised share capital of 1,000,000 ordinary shares of N1.00 each. The company's authorised share capital was subsequently increased to 300,000,000 ordinary shares of N1.00 each.

Principal Activity

The principal activity of the group continues to be the buying, storing and distributing of petroleum products to IPMAN members and others. The group also deals in Liquefied Petroleum Gas (LPG), Compressed Natural Gas (CNG), aviation fuel and hospitality business.

Changes in the Reporting Framework

The nature and effect of the changes resulting from adopting the new accounting standards are described in the accompanying financial statements.

Several amendments and interpretations applied for the first time in 2022, but do not have a significant impact on the financial statements of the Company. The company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective

State of Affairs

In the opinion of the Directors, the state of the Company's affairs is satisfactory and no events have occurred since the reporting date, which would affect the financial statements as presented.

Operating Results

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Revenue	850,249,596	551,350,194	461,264,956	298,978,291
Profit before tax	28,653,275	10,162,745	10,972,030	4,052,483
Tax expense	(11,039,580)	(4,464,509)	(2,698,662)	(2,041,074)
Profit for the year	17,613,695	5,698,236	8,273,368	2,011,409

Directors

The directors who held office during the year and to the date of this report were:

		Nationality	
Chief (Dr) Bestman P. Anekwe	Chairman	Nigerian	
Suresh Kumar	Managing Director	Indian	
Alhaji Abdulkadir Aminu (Sarkin Hurmi Adamawa)	Group Executive Director	Nigerian	
Ramesh Virwani	Non-Executive Director	Indian	
Tunji Adeniji	Non-Executive Director	Nigerian	
Alhaji Umaru Ngelzarma	Non-Executive Director	Nigerian	Deceased 28 July 2022
Ramesh Kansagra	Non-Executive Director	British	
Alhaji Habu Jajere	Non-Executive Director	Nigerian	
Alhaji Sharif Usmania	Non-Executive Director	Nigerian	
Rishi Kansagra	Non-Executive Director	British	
Grace O. Idowu (Mrs.)	Non-Executive Director	Nigerian	
Alhaji Sani Yau	Non-Executive Director	Nigerian	

Directors and Other Shareholding

The direct interests of directors in the issued share capital of the company as recorded in the register of directors shareholding and/or as notified by the directors for the purposes of sections 301 of the Companies and Allied Matters Act 2020 are:

Directors	Year 2022		Year 2021	
	Direct No. of Shares	% Shareholdings	Direct No. of Shares	% Shareholdings
Chief (Dr) Bestman P. Anekwe	700,000	0.37%	700,000	0.37%
Tunji Adeniji	87,500	0.05%	87,500	0.05%
Alhaji Abdulkadir Aminu (Sarkin Hurmi Adamawa)	87,500	0.05%	87,500	0.05%
Alhaji Habu Jajere	100,000	0.05%	100,000	0.05%
Total unit of shares	975,000	0.52%	975,000	0.52%

187,668,329

187,668,329

NIPCO PLC
CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Directors Report (Cont'd)

Substantial Interest in shares

According to the Register of Members, no one person or organization other than Purebond Ltd held more than 64% of the issued share capital of the Company as at 31 December 2022.

Analysis of shareholding

The issued and fully paid-up share capital of the Company is N187,668,329 divided into 187,668,329 ordinary shares of N1.00 each. According to the Register of Members, Purebond Limited of Portland House, 69/71 Wembley Hill Road, Wembley, Middlesex, HA9 8BU, England, has 120,000,000 ordinary shares of N1.00 each representing 64% of the issued share capital of the company. No other shareholder held more than 5% of the share capital of the company as at the reporting date.

The shareholding range analysis as at 31 December 2022 is as shown below:

Beginning Range	Ending Range	Total Shareholders	Units	% of Shareholding
1	100,000	967	26,991,369	14.38%
100.001	500,000	77	17,546,735	9.35%
500,001	1,000,000	16	12,965,002	6.91%
1,000.001	and Above	6	130,165,223	69.36%
		1,066	187,668,329	100.00%

Directors interests in contracts

For the purpose of section 303 of the Companies and Allied Matters Act 2020, none of the directors has notified the company of any direct or indirect interest in contracts or proposed contracts with the company during the year.

Directors remuneration

The Company ensures that remuneration paid to its Directors complies with the provisions of the Code of Corporate Governance issued by its regulators. In compliance with Section 34(5) of the Code of Corporate Governance for Public Companies as issued by Securities and Exchange Commission, the Company makes disclosure of the remuneration paid to its directors as follows:

Type of package	Description	Timing
Productivity bonus	It is paid to executive directors only and tied to the performance of line report.	Payable annually in arrears.
Directors fees	It is paid to non-executive directors only.	Payable annually
Sitting allowance	Allowance paid to non-executive directors for attending board meetings and board committee meetings.	Paid after each meeting.

Dividend

The board has proposed ₦5.00 dividend in respect of the financial year ended 31 December 2022 (2021: ₦3.25).

Property, Plant and Equipment

Information relating to changes in property, plant and equipment is given in Note 15 to the Financial Statements. In the opinion of the Directors, the market value of the Company's Property, Plant and Equipment is not less than the value shown in the financial statements

Subsidiaries

The parent company has 3 subsidiaries (NIPCO Investments Limited, NIPCO E&P Limited and NIPCO Gas Limited), and 2 sub-subsidiary (11 Plc and 22 Hospitality Limited). 11 Plc has a subsidiary called 11 Hospitality Limited. 22 Hospitality Limited has a subsidiary called Capital Hotel Plc. The Group engages in the sale of compressed natural gas (CNG), investment activities, hotel services and buying, storing, selling and marketing of petroleum products and liquified petroleum gas (LPG).

Donations and Charitable Gifts

There was no donations made during the year.

Human Resources

Conflict Resolution

NIPCO Plc recognizes that conflicts may arise among individuals who bring different skills, qualities, and personalities into the workplace. Early resolution of these conflicts is in everyone's best interest. Throughout the Company, it provides processes and procedures to help employees and managers resolve conflicts in the workplace. We encourage all employees to seek information about conflict resolution from their managers or HR Central.

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Directors Report (Cont'd)

Workplace Violence

The company is committed to providing a safe and secure work environment for its employees and visitors. All individuals on the company premises must treat one another with respect and courtesy. The company will not tolerate acts or threats of violence. To support the company's "zero tolerance" position toward workplace violence, both employees and visitors to the company's facilities must report instances of actual or threatened violence on the company premises.

The company's Workplace Violence Policy provides guidelines on the appropriate actions if employees and visitors witness actual or threatened acts of violence. Depending upon the nature and severity of the incidents, the company will engage law enforcement authorities, on-site security guards and community mental health advisors, or Human Resources to take prompt action to remove, discipline, counsel or prosecute any individual on the company premises who poses a safety risk or commits an act of violence. The company prohibits the possession of weapons in the workplace.

Non-Discrimination

The company is committed to providing a work environment free from any illegal discrimination based on race, colour, religion, national origin, gender, age, disability, sexual orientation, marital status, or any other unlawful factor to the fullest extent required by law. Decisions concerning hiring, performance appraisals, and promotions will be based only on those factors permitted by law, such as an employee's qualifications, skills, and achievements.

NIPCO Plc's policy is to comply with applicable human rights and employment laws. We do not tolerate unlawful discrimination in any aspect of employment, including employment terms and conditions, recruiting, hiring, compensation, promotion, or termination.

Harassment

NIPCO Plc is committed to providing a working environment that is free from harassment based on personal characteristics, including race, colour, religion, national origin, gender, age, disability, sexual orientation, marital status, or any other characteristic protected by applicable law. We do not tolerate conduct that creates an intimidating or offensive work environment.

Employment of disabled persons

The company continues to maintain a policy of giving fair consideration to the application for employment made by disabled persons with due regard to their abilities and aptitudes. The company's policy prohibits discrimination of disabled person in the recruitment, training and career development of its employees. In the event of members of staff becoming disabled, efforts will be made to ensure that their employment with the company continues and appropriate training arranged to ensure that they fit into the company's work environment.

Health, safety and welfare at work

The company enforces strict health and safety rules and practices at work environment, which are reviewed and tested regularly. The company retains top-class private hospitals where medical services are provided for staff at the company's expense.

Fire prevention and Fire-fighting equipment are installed in strategic locations within the company's premises.

The company operates both Company Personal Accident and contributing to the Nigeria Social Insurance Trust Fund in compliance with the requirements of Employees Compensation Act (ECA), 2010. It also operates a contributory pension plan in line with the Pension Reform Act, 2014.

Employee involvement and training

The company ensures, through various fora, that employees are informed on matters concerning them. Formal and informal channels are also employed in communication with employees with an appropriate two-way feedback mechanism.

In accordance with the company's policy of continuous development, training facilities are provided in the company's training school. In addition, employees of the company are nominated to attend both locally and internationally organized courses. These are complemented by on-the-job training.

NIPCO PLC
CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Directors Report (Cont'd)

Business Conducts and Ethics

NIPCO Plc is a principle-based company, the reputation of our company is formed by each and every experience that customers, business partners, suppliers and the community have with us. We treat each other and our business partners with respect, honesty and fairness. We value the unique qualities, abilities and perspectives each person brings to a challenge or opportunity, and we also know that as a team we can achieve together what would remain out of reach for us individually. We communicate openly and candidly with each other and extend our respect and team spirit to customers, partners, suppliers and the communities in which we live and work.

- **Customer Dedication:** We genuinely care about our customers and are dedicated to serving them well. We learn their markets, understand their specific goals and objectives, and develop solutions that deliver business value.
- **Performance:** We commit to high performance in all functions. We take personal ownership for the success of our Company and work together to continuously improve and achieve best-in-class performance.
- **Innovation:** Throughout our history, NIPCO Plc's ability to harness the power of new ideas and put them to work for our customers in the real world has defined our Company and fuelled our leadership; innovation powers the engine that drives our success now and in the future.
- **Supplier and Customer Relations:** We require our vendors, agents, subcontractors and their employees to demonstrate honesty, integrity and fairness, and to adhere to our ethical standard of business operation

Anti-bribery and Anti-corruption Laws

The Corrupt Practices and other Related Offences Act 2000, Anti-bribery and anti-corruption laws around the world, including the U.S. Foreign Corrupt Practices Act ("FCPA"), the U.K. Bribery Act, and other anti-bribery and anti-corruption laws (collectively, "Anti-corruption Law").

NIPCO Plc expects all NIPCO Plc directors, officers and employees, as well as its consultants, agents, channel partners and other third-party representatives to observe and comply with all Anti-Corruption Laws.

Gifts and Hospitality

Gift-giving practices vary around the world. Generally, gifts are given to foster goodwill and, in some parts of the world, declining a gift may insult the giver. On the other hand, accepting or giving a gift may create a conflict of interest or the appearance of a conflict, and may also violate applicable Anti-Corruption Laws

COVID-19 Pandemic Response

Doing business in the new normal courtesy of the COVID-19 pandemic, the Group took extra measures to ensure the health and safety of our associates, guests and other stakeholders while making every effort to preserve shareholders value. These measures which centered on the COVID-19 protocols include:

- Re-enacting these protocols, sensitizing and communicating the same appropriately to all associates and other stakeholders in accordance with our Safe Business strategy
- If an individual have a positive COVID-19 diagnosis, he or she can return to the office only after fully recovered, with a doctor's note confirming his/her recovery in line with NCDC guidelines.
- If anyone have cold symptoms, such as cough/sneezing/fever, or feel poorly, request sick leave or work from home.
- If anyone have been in close contact with someone infected by COVID-19, with high chances of being infected, request to work from home. He or she will also be asked not to come into physical contact with any colleagues during this time.
- In-person meetings should be done virtually where possible, especially with non-company parties (e.g. candidate interviews and partners)
- If anyone normally commute to the office by public transportation and do not have other alternatives, ensure to practice social distancing and use your nose/face mask.
- Washing hands after using the toilet, before eating, and after coughing/sneezing into hands (follow the 20-second hand-washing rule). Staffs can also use the sanitizers which can be found around the office.
- Cough/sneeze into your sleeve, preferably into your elbow. If you use a tissue, discard it properly and clean/sanitize your hands immediately.

NIPCO PLC

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

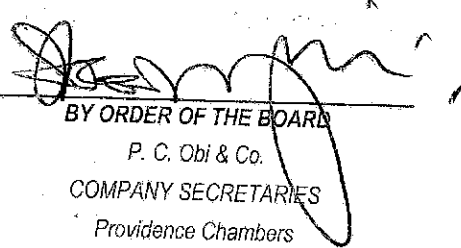
Directors Report (Cont'd)

COVID-19 Pandemic Response Continued

- Open the windows regularly to ensure open ventilation.
- Avoid touching face, particularly eyes, nose, and mouth with hands to prevent getting infected.
- If anyone found coughing/sneezing on a regular basis, avoid close physical contact with co-workers and take extra precautionary measure (such as requesting sick leave).
- Ensure your body temperatures are checked at the entrances of all NIPCO Plc facilities and comply with the guidelines regularly updated by NCDC.
- We constantly review and strengthen our Safe Business Strategy to manage current and potential impacts of Covid-19 pandemic as situation unfold.
- We forged a partnership with the health services providers to make our response to possible crisis relating to COVID-19 manageable on a timely basis

Independent Auditors

In accordance with Section 401(2) of the Companies and Allied Matters Act 2020, Messrs. Grant Thornton (Chartered Accountants) will be appointed to office as Auditors to the Company having indicated their willingness to do so.


BY ORDER OF THE BOARD

P. C. Obi & Co.

COMPANY SECRETARIES

Providence Chambers
37 Norman Williams Street
Off Awolowo Road, S. W. Ikoyi
Lagos State, Nigeria

NIPCO PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Sustainability Report

NIPCO Plc's sustainability strategy is fully aligned with Purebond Limited's global strategy. We take our responsibilities as a member of the business community very seriously. We are committed to conducting all aspects of business in an environmentally sound manner. We are vigilant when it comes to the safety and health of our employees. We also look out for the needs of our customers and the general public.

We strive to minimize the environmental footprint of our operations and products, while also delivering innovative technologies and solutions designed to help businesses and consumers reduce their own environmental footprint.

NIPCO Plc has a rich history of providing high-quality, innovative solutions that meet our customers' needs in an ever-changing market-place. But a great Company is more than the product it sells. We believe a great company is focused on long-term and sustainable growth, placing just as much emphasis on growing its product line as it does on growing its employees and the communities it serves. As a member of the community, NIPCO Plc acts responsibly toward our customers and the environment in which our products, operations and services are deployed.

NIPCO Plc is committed to complying with legislative requirements that cover product recycling, recovery, treatment, management and disposal of electrical and electronic equipment.

NIPCO Plc's end-of-life hardware management services ensure secure and environmentally responsible product decommissioning, recycling, treatment, and compliant disposal. Our decommissioning and recycling programs are compliant with international recycling legislation.

NIPCO Plc is committed to complying with applicable health and safety regulations related to protecting employees and providing working conditions that are free from recognized hazards. NIPCO Plc's workplace programs are designed to protect the safety and health of employees and to prevent and mitigate workplace incidents that could arise from abnormal operating conditions and potential emergency situations. As with other areas of the business, NIPCO Plc strives for continuous improvement in the area of workplace health and safety.

NIPCO Plc is a place where people want to come to work because they are continuously invigorated by new ideas and are engaged in improving how we do business. It is a place that recognizes its profound responsibility to the communities where it does business, striving to help those communities thrive by supporting local institutions and employing people who make volunteer work a priority. It is an organization that sees environmental stewardship not as the latest new trend, but as a critical issue in sustaining the future- ensuring our natural resources are protected and preserved.

This is who we are. This is NIPCO Plc. We expect business partners throughout our supply chain to embrace the same principles we, as an organization, share. Being a responsible corporate citizen is born from both the actions we take as individuals and together as an organization.

Though these are not new ideas at NIPCO Plc, we want to renew our focus by capturing stakeholders imagination, creativity and good sense to help us promote these key areas:

a. Employees

NIPCO Plc strives to provide a positive and engaging work environment, tools and rewards that support success for employees. We are committed to diversity and inclusion, upholding recognized human rights and labour standards, providing safe and healthy working conditions, and providing employee development opportunities.

Goals

The following goals have been established to improve our workplace environment:

- Develop and communicate NIPCO Plc's diversity strategy to employees.
- Design and implement a global employee engagement survey.
- Increase use of NIPCO Plc training Online.
- Develop and communicate policies on human rights to managers.

b. Community

NIPCO Plc is committed to supporting the economic, cultural, social and educational well-being of communities where the Company has a significant presence, by investing in innovative programs, approaches and solutions in the civic, arts, education, health, human services areas, developing products and solutions that provide benefit to communities at large.

CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022

Sustainability report (Cont'd)

Goals

The following goals have been established to continuously improve NIPCO Plc's performance in the area of community support:

- Support community investment.
- Promote innovative application of self-service solutions to social development initiatives.
- Promote employee volunteerism and community engagement.

c. Environment

NIPCO Plc operates with a continuous commitment to ensure the on-going protection of the environment. We strive to minimize the environmental footprint of our operations and products, while also delivering innovative technologies and solutions designed to help businesses and consumers reduce their own environmental footprint.

Goals

The following goals have been established to continuously improve NIPCO Plc's environmental performance and reduce our environmental footprint:

- Reduce waste generated from NIPCO Plc facilities, operations and products.
- Reduce direct and indirect greenhouse gas emissions related to NIPCO Plc facilities and operations.
- Increase energy efficiency of NIPCO Plc products and services.
- Increase end-of-life recycling of NIPCO Plc products and service parts.

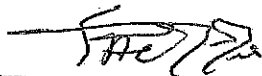
d. Supply Chain

NIPCO Plc is committed to work with suppliers who comply with all applicable laws and regulations and embrace the highest standards of ethical behaviour. We will work for positive environmental, social and ethical impacts in our supply chain, treating suppliers with fairness and respect, and valuing their diversity. We will work with suppliers in innovative ways that create added value for our customers.

Goals

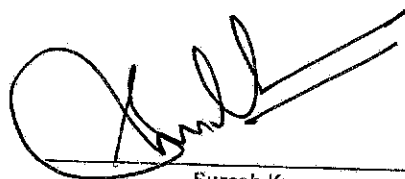
We have established the following goals to continuously improve NIPCO Plc's supply chain management performance:

- Develop and communicate a Supplier Code of Conduct to all NIPCO Plc first-tier suppliers.
- Implement a supplier screening program based on the NIPCO Plc Supplier Code of Conduct requirements.



Chief (Dr) Bestman P. Anekwe
Chairman

FRC/2014/IODN/00000009238



Suresh Kumar
Managing Director/CEO
FRC/2021/003/00000021344

**STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Principal Risks & Uncertainties**Competitive Risk**

The oil and gas sector is very competitive and there is no certainty that the company will be able to achieve its growth targets or the market shares to the extent indicated.

Commercial Relationship

The company relies significantly on strategic relationship with other entities, regulatory bodies, government departments and third parties to provide essential contracting services.

Environmental Risk

The company operations are subject to environmental regulations in all jurisdiction in which it operates. Such regulations cover a wide variety of matters, which includes without limitation, prevention of waste, pollution and protection of the environment, labour regulations and workers safety. The company may be subject to such regulations to clean-up costs and liability for toxic and hazardous substance which may exist on or under any of its properties or which may be produced as a result of its operations. Environmental legislation and permits are likely to evolve in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of the proposed projects and heightened degree of responsibility for companies, directors and employees.

Any failure to comply with the environmental, health and safety, and other regulatory standards may subject the company to extensive liability, fines and penalties and have an adverse effect on the business and operations, financial results or financial position of the company.

Furthermore, the future introduction and enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the company's business or have an otherwise negative impact on its operations. Any changes to, and increase in the current regulations or legal requirements may have a material adverse effect upon the company regarding additional compliance costs. The company has extensive insurance cover and policies in place.

Exploration Risk

Oil and gas exploration is speculative in nature, involves many risks and frequently unsuccessful. There can be no assurance that any prospect drilled will result in an increase in prove or probable reserve. If reserve are developed, it can take some years from initial phase of drilling and appraisal operations until production is possible, during which time the economic feasibility of production may change. Substantial expenditure are required to establish reserves drilling. Oil and gas deposits assessed by the company may not ultimately contain economically recoverable volumes of resources and even if they do, delays in the construction and commissioning of production projects or other technical difficulties may result in any projected target dates for production being delayed or further capital expenditure being required. As a result of these uncertainties, no assurance can be given that exploration programs undertaken by the company will result in any new commercial development operations being brought into operations. Exploration and development involves significant risk including the commercial viability of deposits, availability of permits and other factors beyond the control of the company.

The operations of the company may be disrupted, curtailed, delayed or cancelled by variety of risk and hazard which are beyond the control of the company including unusual or expected geological formation, formation pressures, geotechnical and seismic factors, environmental hazard, industrial accidents, occupational and health hazards, technical failure, mechanical difficulties, equipment shortage, labour dispute, fire, explosions, power outage, rock falls, landslides, flooding and extended interruptions due to inclement or hazardous weather conditions, explosion and other act of God. Any one of these risks or hazards could result in work stoppages, damage to or destruction of the company's facilities, personnel injury, damage to life and property, environmental damage or pollution, business interruption, monetary loss, and legal liability which could have a material impact on business, operations and financial performance of the company. Not all of these risks are insurable.

Commodity Price Risk

Commodity price risk refers to regular fluctuation to the international crude oil, AGO and Cooking gas price resulting in financial loss to the company. The company does not have any significant risk of loss due to commodity price fluctuation to any one counterparty or any group of counterparties having similar characteristics. The company closely monitors the international price as well as the local market price.

Foreign Currency Risk

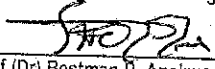
The company undertakes certain transactions dominated in foreign currencies. Hence, exposure to exchange rate fluctuations arise. There have been no changes to the company's exposure to market risks or the manner in which these risks arise.

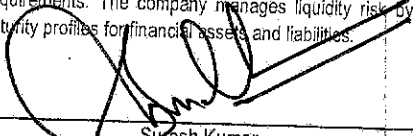
Credit Risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the company. The company does not have any significant credit risk exposure to any one counterparty or any group of counterparties having similar characteristics. The company has a policy in place to seek legal recourse if any party defaults on any repayment terms.

Liquidity Risk

Ultimate responsibility for liquidity risk management rest with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the company short term, medium term and long term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves and by continuous monitoring forecast and actual cashflows and matching the maturity profiles for financial assets and liabilities. Approved by the Board of Directors and signed on behalf of the board by;


Chief (Dr) Bestman P. Anekwe
Chairman
FRC/2014/ODN/00000009238


Suresh Kumar
Managing Director/CEO
FRC/2021/003/00000021344

NIPCO PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

Overview

NIPCO Plc is committed to high standards of corporate governance. The company has continued to embrace the best governance practices required to deliver sustainable value to our shareholders.

During the year ended 31 December 2022, NIPCO Plc complied with Best Practices on Corporate Governance and the NIPCO Plc Principles of Ethics and Compliance. The primary purpose of the Board is to create and deliver sustainable long-term value to shareholders through its general supervision of the Company's business.

As part of this goal, NIPCO Plc has always maintained different and separate roles for the Chairman and the Chief Executive Officer. Presently the Company has a eleven (11) member Board led by the Chairman who is an executive Director. There are eight non-executive Directors and three executive Director on the Board.

All the Directors bring various and varied competencies to bear on all Board deliberations. The Board meets regularly and is responsible for effective control and monitoring of the Company's strategy. The Chairman directs the Board, ensuring that it operates effectively, while fully discharging its legal and regulatory obligations.

The company's corporate governance framework is in conformity with the existing corporate governance codes and is in line with universally accepted best practices. Under this framework, the Board delegates responsibility for the day to day management of the Company to the Chief Executive Officer

It is the responsibility of the Board of Directors to ensure that all records are accurate and correctly reflect the financial position of the Company. Management implements system controls, comprising policies, standards and procedures to ensure the safety of assets and the reduction of risk, error, fraud and other irregularities. Both the internal auditor and the external auditors independently appraise the adequacy of internal controls.

The Board places great emphasis on effective communication with its shareholders. It recognizes the importance of ensuring an appropriate balance in meeting the many needs of its shareholders and at the same time building enduring relationships with them. The directors direct and indirect shareholdings in the Company where it exists are disclosed elsewhere in this report as required by law.

Employee compliance with the NIPCO Plc's Code of Conduct training and certification which subscribes to high standards of fair competition is monitored globally.

1 Composition of the Board of Directors

The Board is currently made up of Eight (8) Non-Executive Directors and Three (3) Executive Director. All the Directors have access to the advice and services of the Company Secretary and other professionals where such advice will improve the quality of their contribution to Board decision making process.

2 Induction and training

The Company has in place a formal induction program for newly appointed Directors. As part of this induction, each new Director is provided with core materials and asked to complete a series of introductory meetings to become knowledgeable about the Company's business and be familiar with the senior management team. A summary of the Board Performance Evaluation in the current financial year, the Board is comprised of experienced individuals who are conversant with their oversight functions. The Chairman of the Board encourages and supports the active participation and contribution of Board members at meetings. The Board takes its oversight functions seriously committed to the business of the Company and detailed level of thoroughness goes into every decision taken by the Board. It was however noted that there is room for improvement in the area of meetings of Board Committees and succession planning for critical roles to ensure business continuity and performance. The recommendations of the performance evaluation have been considered by the Board and are being implemented as required.

3 Board Effectiveness & Performance Evaluation

The Board is continuously focused on improving its corporate governance performance. This it does through a process of evaluating its effectiveness and that of the Board Committees and individual Directors.

Each Executive and Non-Executive Director's performance is appraised personally by the Chairman. The Non-Executive Directors in a meeting presided over by an Independent Non-Executive Director equally assess the Chairman's performance.

The Board evaluation process was overseen by the Chairman of the Board. The exercise was conducted by an internal mechanism with the aim of assisting the Board to constantly improve their effectiveness. This process was supported by the Company Secretary through the review of the attendance of Directors at the meetings and activities of the Board.

The review covered the key decisions taken at the meetings of the Committees and the amount of follow-through assurances done through liaison with management. It also included assessment of Board's capability, process, structure, corporate governance, strategic clarity and alignment as well as the performance of individual Committees and Directors.

NIPCO PLC

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Board Effectiveness & Performance Evaluation (Cont'd)

The performance of the Chairman is assessed annually by his management of proceedings at meetings, giving Board direction and strategic visioning for, and performance of the Company.

For the Board Committees, a similar assessment was made in 2022 in agreement with the Committee Chairmen and each Committee member. The assessment covered a number of areas, including the role and responsibilities of each Committee, its organization and effectiveness and the qualifications of its members. The results of the assessments were also discussed at the various Committee meetings and further actions were agreed from this process.

4 Record of Directors Attendance at Board Meetings:

The Board held a total of four (4) meetings during the year. In accordance with Section 284 (2) of the Companies and Allied Matters Act, 2020; the record of the Directors' attendance at Directors' meetings during 2022 is available for inspection at the Annual General Meeting.

Directors	Date of Meetings			
	21-Apr-22	22-Jun-22	5-Sep-22	19-Dec-22
Chief (Dr) Bestman P. Anekwe	P	P	P	P
Suresh Kumar	P	P	P	P
Alhaji Abdulkadir Aminu (Sarkin Hurmi Adamawa)	P	P	P	P
Ramesh Virwani	P	P	P	P
Alhaji Habu Jajire	P	P	P	P
Alhaji Sharif Usmania	P	P	P	P
Alhaji Sani Yau	P	P	P	P
Grace O. Idowu (Mrs.)	P	P	P	P
Ramesh Kansagra	P	P	P	P
Rishi Kansagra	P	P	P	P
Tunji Adeniji	P	P	P	P

Attendance Keys P - Present A - Absent

The meetings of the Board were presided over by the Chairman. In all cases, written notices of the meetings along with the agenda were circulated at least 14 days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

5 Business conduct and code of governance for directors

The NIPCO Plc Code of Conduct (the "Code") is our guide and point of reference for upholding NIPCO Plc's Shared Values. NIPCO Plc's corporate policies and procedures, as well as our individual commitment to ethical and legal behaviour, also guide NIPCO Plc employees and Directors. The Code applies to all employees of NIPCO Plc and its affiliates (collectively "NIPCO Plc") and to NIPCO Plc's Board of Directors. The Code affirms our commitment to the highest standards of integrity in our relationships with one another and with our customers, suppliers, strategic partners, and shareholders. We expect our suppliers, contractors, representatives and agents to embrace these same values and standards.

6 Insider Trading

Securities laws and NIPCO Plc's policy prohibit employees, Directors, Members of the Audit Committee of the Company, External Advisers and their related persons from trading, directly or indirectly, in NIPCO Plc securities while in possession of "material non-public information" about the Company. Material non-public information is generally defined as any information that has not been widely disclosed to the public and is likely to influence an investor to buy, sell, or hold a company's stock. Material non-public information can take many forms. Examples include acquisition or divestiture plans, actual or projected financial information not yet public, new contracts, products, or discoveries, major organizational changes or other business plans.

NIPCO Plc employees and officers as well as members of the Company's Board of Directors, Members of the Audit Committee and External Advisers of the Company and their related parties, are also prohibited from directly or indirectly trading in the securities of other publicly held companies, such as customers and vendors, on the basis of material non-public information. It is also illegal and against Company policy for NIPCO Plc employees to share material non-public information about NIPCO Plc or another Company with their friends, family members or other third parties (this is called "tipping").

All employees and officers of NIPCO Plc as well as members of the Company's Board of Directors, Members of the Audit Committee and External Advisers of the Company and their related persons with material non-public information about NIPCO Plc and other companies, including customers and vendors are to comply with NIPCO Plc's insider trading policy:

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Insider Trading (Cont'd)

- Never provide material non-public information about NIPCO Plc or other companies known to you through your work at NIPCO Plc
- Restrict access to material non-public information about NIPCO Plc or other companies to those employees
- who "need-to-know" that information for business reasons (such persons may be identified in a non-disclosure agreement)
- Do not advise or encourage another person to trade in a company's stock if you have material non-public information about that company.
- Never buy or sell NIPCO Plc securities or another company's publicly traded stock while in possession of material information, whether or not a blackout period is pending.

7 Whistle blowing

NIPCO Plc ("the Company") Whistle Blower Policy are established guidelines, wherein Directors, employees of the Company, contractors and the general public can report serious actual or suspected concerns or happenings considered unethical, inappropriate or illegal

The company is committed to the highest standards of integrity in employees' relationships with one another and with customers, suppliers, strategic partners and shareholders. All suppliers, contractors, representatives and agents are expected to embrace these same values and standards.

The Policy is designed to ensure that Directors, employees of the Company, contractors and the public can raise their concerns about wrongdoing or malpractice within the Company without fear of victimization, subsequent discrimination, disadvantage or dismissal.

Anyone who comes across a breach should immediately notify their Line Manager, Human Resources, Global Security, the Law Department or report either through our confidential whistleblowing helpline or by email to info@nipcopl.com. Our approach to breach management is embedded in the global NIPCO Plc Ethics & Compliance Policy and Local Disciplinary Processes. The company takes reports of potential violations of the Code, the law or other NIPCO Plc policy or procedures seriously, including those made anonymously. All matters reported will be investigated and appropriate action will be taken.

A whistle blower must exercise sound judgment to avoid baseless allegations. A whistle blower who intentionally files a false report of wrongdoing will be subject to discipline up to and including termination. There shall be no retaliatory action against a whistle blower for any report made in good faith. In so far as possible, the confidentiality of the whistle-blower will be maintained. However, identity may have to be disclosed to conduct a thorough investigation, to comply with the law and to provide accused individuals their legal rights of defence. The company will not tolerate retaliation against persons who make reports in good faith.

8 The Management Team

The Executive Management Team (EMT) is charged with conducting the day to day activities of the Company and presenting periodic reports to the Board and its Committees for consideration and approval. It executes Board policies and strategies for the creation of stakeholders values. The EMT prepares annual budgets/ financial plans for the approval of the Board to ensure achievement of set corporate objectives.

The EMT ensures appropriate returns are filed with the regulatory agencies as necessary

During the year, the EMT comprises:

- Executive Director/CEO
- General Manager
- Head of Operations
- Head of Finance
- Head, Internal Audit & Compliance
- Head, Human Resources
- Company Secretary

9 Internal Control & Audit

The primary functions of the Internal Audit are to review transactions entered into by the Company to ensure accuracy, completeness, compliance with laid down procedures/ legality. Internal audit also provides assurance to the Board and Management Team that internal control measures are in place and adequate.

Apart from the Internal Audit Department taking specific responsibility for protecting the Company against fraudulent transactions, the entire staff and management of the Group take ownership and responsibility for ensuring the safety of the assets of the Group.

In addition, the Internal Audit Department is saddled with promoting compliance with statutory and regulatory requirements, as well as internal control measures approved by the Board. The Head of Internal Audit reports directly to the Statutory Audit Committee Chairman and the Board of Directors.

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

10 Relationship with Shareholders

As an indication of its fundamental responsibility to create shareholder value, effective and ongoing communication with shareholders is essential. In addition to the ongoing engagement facilitated by the Company Secretary, the Group encourages Shareholders to attend the Annual General Meeting and or other shareholders meetings where interaction is welcomed. The Chairman of the Group Audit Committee is available at the meeting to respond to questions from shareholders.

Voting at general meetings is conducted either on a show of hands or a poll depending on the subject matter of the resolution on which a vote is being cast, and separate resolutions are proposed on each significant issue.

11 Investors Relations

The Company has an investors' relations unit under the Finance department which provides briefings to all stakeholders on operations of the Company and also files statutory returns to the regulatory authorities, which information is usually accessible to the shareholders via market news

12 Communication Policy

The Board and Management of the company ensures that communication and dissemination of information regarding the operations and management of the company to stakeholders is timely, accurate and continuous, to give a balance and fair view of the company's financial and non-financial matters. Such information, which is in plain language, readable and understandable, is available on the company's website.

13 Enterprise Wide Risk Management

The Directors are ultimately responsible for the company's risk management systems and for reviewing its effectiveness. There is a Board Committee that considers the company's significant risks and mitigating actions, including identifying, assessing, managing, monitoring and reporting on the significant risks faced by the company.

14 Corporate Social Responsibility

NIPCO Plc understands the challenges and benefits of doing business in Nigeria and owes its existence to the people and societies within which it operates.

The Group is committed not only to the promotion of its economic development but also to contributing to the well-being of the environment where it operates.

The Group concentrates its social investment expenditure in focused areas which currently include education and attention to vulnerable children in order to make Nigeria a better place to live and do business. These focused areas are subject to regular review to reflect the socio-economic dynamics of our Catchment area.

15 Company Secretary

It is the role of the Company Secretary to ensure that the Board remains cognizant of its duties and responsibilities. In addition to providing the Board with guidance on its responsibilities, the Company Secretary keeps the Board abreast of relevant changes in legislation and governance best practices. The Company Secretary oversees the induction of new Directors and the ongoing training of Directors. All Directors have access to the services of the Company Secretary.

16 Data Protection Policy

The Group has in place a policy on data protection and a link thereto is on the website. Appropriate notice is conspicuously placed for guests to be acquainted with.

17 Directors Remuneration Policy

The Board's remuneration policy is structured taking into account the environment in which it operates and the results it achieves at the end of each financial year. It includes the following elements:

Non-executive Director

Components of remuneration are payable annually while sitting allowances accrue per meeting. Directors are sponsored for training that they require to enhance their duties to the Company as deemed appropriate.

Executive Director

The remuneration policy for executive directors considers various elements, including fixed remuneration which takes into account the level of responsibility, and ensuring this remuneration is competitive with remuneration paid for equivalent posts of equivalent status within the industry.

Variable annual remuneration linked to performance. The amount of this remuneration is subject to achieving specific quantifiable targets, aligned directly with shareholders' interests.

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

18 The Audit Committee

The Audit Committee is composed of five members made up of three shareholders' representatives elected at the 2021 Annual General Meeting for a tenure of one year until the conclusion of the 2022 Annual General Meeting and two representatives of the Board of Directors nominated by the Board. The Chairman of the Audit Committee is Alhaji Aminu Adamu.

During the year under review, the Committee held two (2) meetings. The functions of the Audit Committee are governed by the provisions of Section 404(7) of the Companies and Allied Matters Act, 2020.

Members of Audit Committee

- Alhaji Aminu Adamu
- Mrs. Grace O. Idowu
- Mr. Joseph Igbinigie
- Mr. Ramesh Virwani
- Mrs. Ngozi Aniemena

Members	Date of Meetings	
	10-Feb-22	19-Apr-22
Alhaji Aminu Adamu	P	P
Mrs. Grace O. Idowu	P	P
Mr. Joseph Igbinigie	P	P
Mr. Ramesh Virwani	P	P
Mrs. Ngozi Aniemena	P	P

Attendance Keys P - Present A - Absent



BY ORDER OF THE BOARD
P. C. Obi & Co.
COMPANY SECRETARIES
Providence Chambers
37 Norman Williams Street
Off Awolowo Road, S. W. Ikoyi
Lagos State, Nigeria

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Complaints Management Policy

The Complaint Management Policy of NIPCO Plc has been prepared pursuant to the requirements of the Securities & Exchange Commission's Rules relating to the Complaints Management Framework of the Nigerian Capital Market ("SEC Rules") issued on 16 February 2019 and The Nigerian Stock Exchange Directive (NSE/LARD/LRD/CIR6/15/04/22) to all Listed Companies ("the NSE Directive") issued on 22 April 2019.

This policy has been prepared in recognition of the importance of effective engagement in promoting shareholders/investors confidence in the Company. This Policy sets out the broad framework by which the Company and its Registrar provide assistance regarding shareholders issues and concerns. It also provides opportunity for shareholders to provide feedback to the Company on matters that affect shareholders.

This policy only relates to the shareholders of NIPCO Plc and does not extend to its customers, suppliers or other stakeholders. This policy is designed to ensure that complaints and enquiries from the Company's shareholders are managed in a fair, impartial, efficient and timely manner.

Guiding principles for managing complaints

The following principles shall guide the Company in managing the complaints of shareholders

1 Commitment

NIPCO Plc is committed to the resolution of complaints and or disputes received from shareholders. The company shall proffer solutions that are fair and reasonable to all parties. The company shall objectively manage and deal fairly with all complaints lodged by shareholders without bias. The rights of any shareholder, who has lodged a complaint, shall be adequately protected. However, it shall be within the sole discretion of the Company to take a decision on the investigation of a complaint considered to be trivial, vexatious or abusive. The company shall take necessary steps to guard against the victimisation in respect of all complaints received.

2 Confidentiality

All complaints shall be handled in strict confidence and personal information of complainants shall be adequately protected

3 Procedure for complaints/enquiries

A Complaint Lodgement Form shall be provided to all shareholders to lodge their complaint. All complaints made through authorised third parties or complaints anonymous in nature, shall be duly recognised and addressed.

Shareholders can make complaints/enquiries and access relevant information in the following manner:

- a. Contact the Registrar: Shareholders who wish to make a complaint/ enquiry shall in the first instance contact the Registrar, Coronation Registrars Limited at 9-12 Amodu Ojikutu Street, Off Saka Tinubu Street, Victoria Island, Lagos State. The Registrar manages all the registered information relating to all shareholdings, including shareholders name(s), shareholders address and dividend payment instructions amongst others. Upon receipt of a complaint or an enquiry, the Registrar shall immediately provide the relevant details of such complaint or enquiry to NIPCO Plc for monitoring, record keeping and reporting purposes.
- b. Contact the Company Secretary: If the Registrar is unable to satisfactorily address shareholders' enquiries and resolve their complaints, then shareholders should contact the office of the Company Secretary.

4 Feedback

Where a complaint or an enquiry is sent directly to the Company, upon receipt of the complaint or enquiry NIPCO Plc shall use its best endeavours to ensure that:

- i Relevant details of the complaint or enquiry are immediately recorded.
- ii A response is provided by the Company or the Registrar within the specified time frame.
- iii Complaints or enquiries received by e-mail are acknowledged within two (2) working days of receipt.
- iv Complaints or enquiries received by post are responded to within five (5) working days of receipt.
- v Complaints or enquiries are resolved within ten (10) working days of receipt
- vi The Nigerian Stock Exchange is notified, within two (2) working days, of the resolution of a complaint or enquiry. Where a complaint/ enquiry cannot be resolved within the stipulated time frame set out above, the shareholder shall be notified that the matter is being investigated. Delays may be experienced in some situations, including where documents need to be retrieved from storage.
- vii The same or similar medium that was used for the initial enquiry shall be utilized in providing a response (whether by email, phone, post or fax), unless otherwise notified to or agreed with the shareholder.

**CORPORATE GOVERNANCE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Complaints Management Policy (Cont'd)

5 Electronic complaints register and quarterly reporting obligation

NIPCO Plc shall maintain an electronic complaint register. The electronic complaints register shall include the following information:

- The date that the enquiry or complaint was received.
- Complainant's information (including name, address, telephone number, e-mail address).
- Nature and details of the enquiry or complaint.
- Action taken/ Status.
- Date of the resolution of the complaint.

6 Access to policy

This policy and procedures concerning shareholder enquiries, complaints and feedback may from time to time be reviewed by the Company.

- This policy shall be available on the Company's website. www.nipcoplc.com
- A copy of the policy may be requested by contacting the Office of the Company Secretary.
- This policy shall be made available at general meetings of the Company.

7 Review of policy

This policy and procedures concerning shareholder enquiries, complaints and feedback may from time to time be reviewed by the Company.



BY ORDER OF THE BOARD
P. C. Obi & Co.
COMPANY SECRETARIES
Providence Chambers
37 Norman Williams Street
Off Awolowo Road, S. W. Ikoyi
Lagos State, Nigeria

NIPCO PLC

STATEMENT OF DIRECTORS RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2022

The Companies and Allied Matters Act 2020 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the company at the end of each financial year and its profit or loss. The responsibilities include ensuring that the company:

- Keeps proper accounting records that disclose with accuracy, the financial position of the company and comply with the requirement of the Companies and Allied Matters Act 2020;
- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- Prepares its financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

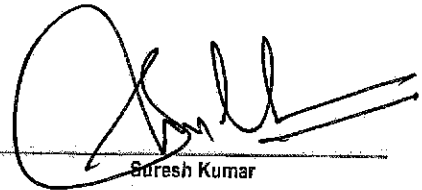
The Directors accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Financial Reporting Standards (IFRS), Financial Reporting Council Act 2011 and the Companies and Allied Matters Act 2020.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the company and of its profit or loss. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the company will not remain a going concern for at least twelve months from the date of this statement.



Chief (Dr) Bestman P. Anekwe
Chairman
FRC/2014/IODN/00000009238



Suresh Kumar
Managing Director/CEO
FRC/2021/003/00000021344

NIPCO PLC

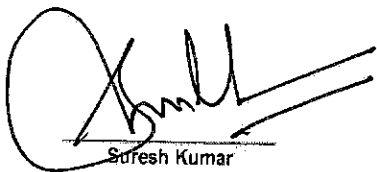
STATEMENT OF CORPORATE RESPONSIBILITY FOR FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

In line with the provision of Section 405 of the Companies and Allied Matters Act 2020, we have reviewed the audited financial statements of the company for the year ended 31 December 2022 and based on our knowledge confirm as follows:

- i) The audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading;
- ii) The audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for the year ended 31 December 2022;
- iii) The company's internal controls have been designed to ensure that all material information relating to the company is received and provided to the auditors in the course of the audit;
- iv) The company's internal controls are effective and have remained so within the period of 90 days prior to the date of the audited financial statements;
- v) That we have disclosed to the company's auditors the following information:
 - a) there are no significant deficiencies in the design or operation of the company's internal controls which could adversely affect the company's ability to record, process, summarise and report financial data, and have discussed with company's auditors any weaknesses in internal controls observed in the course of the audit,
 - b) there is no fraud involving management or other employees who have a significant role in the company's internal control.
- vi) There are no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses.

Dated

Date this 26 day of June 2023



Suresh Kumar
Managing Director/CEO
RC/2021/003/0000002134



Paul Baba
Chief Financial Officer
FRC/2014/ICAN/00000007667

NIPCO PLC

**AUDIT COMMITTEE REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

In accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act 2020, we the Members of the Audit Committee of NIPCO Plc confirm that we have carried out our statutory functions under the Act and have examined the Auditor's Report for the year ended 31 December 2022 and hereby state as follows:

- a. We have ascertained that the accounting and reporting policies of the Company are in accordance with legal requirements and agreed with ethical practices;
- b. The scope and planning of the audit requirements are adequate.
- c. The internal control was being constantly and effectively monitored. We authorized the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee.
- d. We have reviewed the Auditor's findings on management matters and are satisfied with the management responses thereon
- e. We have ascertained that the Company kept under review the effectiveness of the Company's system of accounting and internal controls;
- f. We have made recommendations to the Board with regard to the appointment, removal and remuneration of the External Auditors of the Company as required under S.404(7)(e) of CAMA 2020.

Date this 26th day of June 2023

**Alhaji Aminu Adamu
Chairman Statutory Audit Committee**

Members of Audit Committee

Alhaji Aminu Adamu	Shareholder/Chairman
Mrs. Grace O. Idowu	Director/Member
Mr. Joseph Igbinigie	Member
Mr. Ramesh Virwani	Director/Member
Mrs. Ngozi Aniemena	Member

**REPORT OF THE INDEPENDENT AUDITORS TO
THE MEMBERS OF NIPCO PLC**

Opinion

We have audited the consolidated financial statement of **NIPCO Plc (the "Company")**, and its subsidiaries (the **"Group"**), which comprise of the consolidated statement of financial position as at **31 December 2022**, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provision of the Companies and Allied Matters Act, 2020.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. We have communicated the key audit matters to those charged with governance (TCWG). The key audit matters are not a comprehensive reflection of all matters discussed. These matters were addressed in the context of our audit of the financial statements as a

whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Chartered Accountants

Grant Thornton Nigeria

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Off Ologun Agbaje Str.
Off Adeola Odeku Str.
Victoria Island, Lagos
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Lagos - Nigeria.

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www.grantthornton.com.ng

Key audit matter	How our audit addressed the key audit matter
<p>Impairment assessment of receivables</p> <p>Included in the group's financial statements was impairment assessment of receivables from the financial statement of sub-subsidiary (Capital Hotel Plc) now considered into the financial statements of the group.</p> <p>IFRS 9- financial instrument which covers financial assets requires that financial assets are assessed for impairment using the Expected Credit Loss (ECL) model that will lead to timely recognition of expected losses.</p> <p>The company is required to regularly assess the recoverability of its trade receivables. This involves judgement as the expected credit losses must reflect information about past events, current conditions and forecasts of future conditions as well as the time value of money.</p> <p>An "expected loss" focuses on the risks that a debtor will default in payment rather than whether a loss has been incurred.</p> <p>As at 31 December 2022, the company had a receivable of ₦881 million (2021; ₦1.082 million) which represents 7% (2021; 46%) of the company's current assets.</p> <p>The appropriateness of the allowance for doubtful debt is subjective due to the high degree of judgement applied by management in determining the impairment provision.</p> <p>At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed. The assessment of the correlation between historical observed default rates, forecast economic conditions and Expected Credit Losses (ECL) is a significant estimate.</p> <p>An impairment allowance of ₦249 million was recognized on the company's trade receivables as at 31 December 2022 (2021; ₦121 million). Note 28.4</p>	<p>We reviewed IFRS 9 models prepared by the management for computation of impairment on receivables.</p> <p>We reviewed the aging of trade receivables based on the number of days; debts became past due.</p> <p>We tested the historical accuracy of the model by assessing historical projections versus actual losses.</p> <p>We analyzed historical credit losses with a view to identifying the portion of receivables that remained unpaid during the year to enable us to determine the default rate.</p> <p>We engaged our internal specialist to reperform an independent calculation of the impairment provision.</p> <p>We reviewed other areas of complexities which include macro-economic indicators such as inflation rates, exchange rates, unemployment rate, Gross Domestic products (GDP)etc.</p>

Key audit matter	How our audit addressed the key audit matter
<p>Revaluation of Property Plant & Equipment</p> <p>During the year under review, the company revalued its property, plant & equipment.</p> <p>Management engaged an independent certified expert to determine the market capital value of the properties by considering the direct market comparison and depreciated replacement cost approaches that is applicable to each of the properties.</p> <p>The revaluation of property, plant & equipment at their fair value is a complex process related to calculation of estimate while using number of assumptions, specific methods and models. Therefore, there is inherent uncertainty in these valuations in relation to the use of various projections and assumptions with higher subjectivity.</p> <p>We considered the revaluation of property, plant & equipment to be a key audit matter due to the complexities, judgement and uncertainties that are inherent in the underlying assumptions used in the revaluation report.</p> <p>We also considered the materiality of the revalued amounts in relation to the financial statements as a whole. Note 15</p>	<p>In evaluating the revaluation of Property, Plant & Equipment and the accounting for the revaluation surplus thereof, our audit procedures include among others:</p> <ul style="list-style-type: none"> • We assessed the competence, independence, capabilities and objectivity of the external expert engaged by the company. • We determine whether the expert's report adequately the work performed by the expert including the conclusion reached. • We considered the reasonableness of the methods and assumptions used by the expert to estimate the market value of the revalued assets. • We also checked on a sample basis, the accuracy and relevance of the input data provided by the management to the external valuer. • We evaluate the expert's findings in relation to the assertions presented in the financial statements. <p>The underlying assumptions were found to be appropriate.</p> <p>Overall, the result of our substantive testing did not identify any material misstatements.</p>

Other Information

The directors are responsible for the other information. The other information comprises of the Managing Director's Foreword, Chairman's Statement, Report of the Directors, Corporate Governance Report, Statement of Directors' Responsibilities, Report of the Statutory Audit Committee and Other National Disclosures, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and

we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

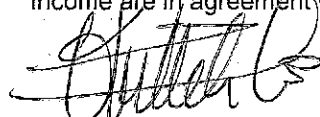
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstance, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

The Companies and Allied Matters Act, 2020 requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

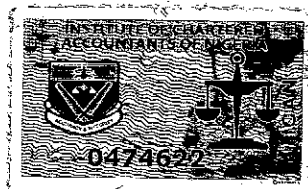
- i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) In our opinion, proper books of account have been kept by the company; and
- iii) The Company's Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income are in agreement with the books of account.



Uchenna Okigbo, FCA
FRC/2016/CAN/00000015653

For: Grant Thornton
(Chartered Accountants)
LAGOS, NIGERIA.

Date: 26 June 2023



NIPCO PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

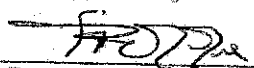
	Notes	Group		Company	
		2022 #'000	2021 #'000	2022 #'000	2021 #'000
Revenue	7	850,249,596	551,350,194	461,264,956	298,978,291
Cost of sales	8	(771,722,652)	(507,639,236)	(430,617,274)	(278,167,747)
Gross Profit		78,526,944	43,710,958	30,647,682	20,810,544
Other income	9	17,792,956	13,822,087	6,931,966	3,607,579
Selling and marketing costs	10	(13,773,682)	(12,309,775)	(4,995,430)	(4,486,803)
Administrative expenses	11	(48,215,832)	(33,131,946)	(18,401,625)	(14,823,770)
Operating Profit		34,330,386	12,091,324	14,182,593	5,107,550
Finance income	12	2,208,935	1,080,163	1,735,770	778,105
Finance costs	13	(7,886,046)	(3,008,742)	(4,946,333)	(1,833,172)
Profit Before Income Tax		28,653,275	10,162,745	10,972,030	4,052,483
Tax expense		(11,039,580)	(4,464,509)	(2,698,662)	(2,041,074)
Profit for the Year		17,613,695	5,698,236	8,273,368	2,011,409
Other Comprehensive Income					
Items that will not be reclassified subsequently to Profit or Loss					
Actuarial loss		(24,442)	26,286	(24,442)	26,286
Revaluation surplus		49,038,088		21,947,073	
Loss on subsequent acquisition of Non-controlling interest by owners of parent		(3,583,877)	(2,545,961)		
Other Comprehensive Income for the Year		45,429,769	(2,519,675)	21,922,631	26,286
Total Comprehensive Income for the Year		63,043,464	3,178,561	30,195,999	2,037,695
Basic earnings/ per share (N)		93.86	30.36	44.09	10.72

The statement of accounting policies and notes on pages 29 to 71 form an integral part of these financial statements.


NIPCO PLC
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

Assets	Notes	Group		Company	
		2022 N'000	2021 N'000	2022 N'000	2021 N'000
Non-current Assets					
Goodwill	18	119,140,732	115,130,958	-	-
Property, plant & equipment	15	204,516,239	138,372,024	83,670,671	59,061,418
Investment property	16	12,913,007	15,485,565	-	-
Right-of-use assets	17	2,050,800	2,344,572	593,430	532,022
Capital work in progress	19	8,815,220	8,859,027	256,932	-
Intangible assets	20	97,833	9,216	-	-
Investments	21	474,197	450,588	536,599	510,588
Other long-term financial assets	22	77,596	57,870	77,596	57,870
Prepayments	24.1	14,086	23,673	-	-
		348,099,710	280,733,493	85,135,228	60,161,898
Current Assets					
Inventories	23	26,583,414	22,951,471	3,315,642	4,870,896
Prepayments	24.2	7,840,028	11,203,432	67,963	74,752
Trade and other receivables	25	71,847,941	39,601,967	166,993,800	144,527,697
Cash and cash equivalents	26	65,265,987	38,194,629	26,800,753	16,373,239
		171,537,370	111,951,499	197,184,158	165,846,584
Total Assets		519,637,080	392,684,992	282,319,386	226,008,482
Equity and Liabilities					
Equity					
Share capital	27	187,668	187,668	187,668	187,668
Share premium	28	2,010,588	2,010,588	2,010,588	2,010,588
Other components of equity	29	120,617,323	75,187,554	71,150,708	49,228,077
Retained earnings		63,132,837	40,432,190	33,001,593	25,338,147
Equity Attributable to Owners of the Parent		185,948,416	117,818,000	106,350,557	76,764,480
Equity Attributable to Owners of the Subsidiary					
Non-controlling interest		18,028,559	7,524,753	-	-
Total Equity		203,976,975	125,342,753	106,350,557	76,764,480
Liabilities					
Non-current Liabilities					
Borrowings	30.1	58,593,313	65,395,317	-	-
Pension and other employee obligations	32	1,137,935	1,092,284	1,137,935	1,092,284
Trade and other payables	33.1	7,003,072	24,444,849	1,033,391	16,236,262
Deferred tax liabilities	14.3	12,510,656	6,703,719	778,357	778,357
		79,244,976	97,636,169	2,949,683	18,106,903
Current Liabilities					
Borrowings	30.2	12,928,858	15,027,542	12,928,858	10,771,463
Lease liability	31	94,594	105,679	94,594	105,679
Trade and other payables	33.2	122,657,052	73,107,578	81,524,580	52,790,017
Contract and other liabilities	34	94,538,910	77,121,735	75,772,170	65,428,866
Current tax liabilities		6,195,715	4,343,536	2,698,944	2,041,074
		236,415,129	169,706,070	173,019,146	131,137,099
Total Liabilities		315,660,105	267,342,239	175,968,829	149,244,002
Total Equity and Liabilities		519,637,080	392,684,992	282,319,386	226,008,482

These accounts were approved by the Board of Directors on 26 June 2023 and signed on its behalf by


 Chief (Dr) Bestman P. Anekwe
 Chairman
 FRC/2014/IODN/00000009238


 Suman Kumer
 Managing Director/CEO
 FRC/2021/003/00000021344


 Paul Baba
 Chief Financial Officer
 FRC/2014/ICAN/00000007867

NIPCO PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group						Total
	Share Capital	Share Premium	Other Components of Equity	Retained Earnings	Total Attributable to Owners of Parent	Non-Controlling Interest	
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Year Ended 31 December 2021							
Balance as at 1 January 2021	187,668	2,010,588	77,707,229	36,375,149	116,280,634	8,685,878	124,966,512
Dividend paid	-	-	-	(563,005)	(563,005)	(747,751)	(1,310,756)
Actuarial gain	-	-	26,286	-	26,286	-	26,286
Loss on subsequent acquisition of NCI	-	-	(2,545,961)	-	(2,545,961)	-	(2,545,961)
Profit for the year	-	-	-	4,620,046	4,620,046	1,078,190	5,698,236
NCI movement during the year (net)	-	-	-	-	-	(1,491,565)	(1,491,565)
Balance as at 31 December 2021	187,668	2,010,588	75,187,554	40,432,190	117,818,000	7,524,753	125,342,753
Year Ended 31 December 2022							
Balance as at 1 January 2022	187,668	2,010,588	75,187,554	40,432,190	117,818,000	7,524,753	125,342,753
Dividend paid	-	-	-	(609,922)	(609,922)	(746,958)	(1,356,880)
Acquired during the year	-	-	-	8,640,605	8,640,605	-	8,640,605
Actuarial loss	-	-	(24,442)	-	(24,442)	-	(24,442)
Revaluation surplus	-	-	49,038,088	-	49,038,088	-	49,038,088
Loss on subsequent acquisition of NCI	-	-	(3,583,877)	-	(3,583,877)	-	(3,583,877)
Profit for the year	-	-	-	14,669,964	14,669,964	2,943,731	17,613,695
NCI movement during the year (net)	-	-	-	-	-	8,307,033	8,307,033
Balance as at 31 December 2022	187,668	2,010,588	120,617,323	63,132,837	185,948,416	18,028,559	203,976,975

NIPCO PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Company				
	Share Capital K'000	Share Premium K'000	Other Components of Equity K'000	Retained Earnings K'000	Total K'000
Year Ended 31 December 2021					
Balance as at 1 January 2021	187,668	2,010,588	49,201,791	23,889,743	75,289,790
Dividend paid	-	-	-	(563,005)	(563,005)
Actuarial loss	-	-	26,286	-	26,286
Profit for the year	-	-	-	2,011,409	2,011,409
Balance as at 31 December 2021	187,668	2,010,588	49,228,077	25,338,147	76,764,480
Year Ended 31 December 2022					
Balance as at 1 January 2022	187,668	2,010,588	49,228,077	25,338,147	76,764,480
Dividend paid	-	-	-	(609,922)	(609,922)
Actuarial loss	-	-	(24,442)	-	(24,442)
Revaluation surplus	-	-	21,947,073	-	21,947,073
Profit for the year	-	-	-	8,273,368	8,273,368
Balance as at 31 December 2022	187,668	2,010,588	71,150,708	33,001,593	106,350,557

NIPCO PLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 K'000	2021 K'000	2022 K'000	2021 K'000
Cash Flows from Operating Activities				
Profit before tax	28,653,275	10,162,745	10,972,030	4,052,483
Adjustments:				
Depreciation & amortisation	20,103,447	14,919,901	6,079,980	5,418,754
Contribution to defined benefit plan	45,651	82,334	45,651	82,334
Loss on assets disposal	1,735	868		868
Loss on acquisition of NCI	3,583,877	2,545,961		
Rent received	(8,565,452)	(8,173,007)	(31,732)	(32,196)
Net finance income/cost	5,677,111	1,928,579	3,210,563	1,055,067
Exchange (gains)/loss	(1,458,260)	(8,299)	(22,405)	22,386
Bad debt written-off	195,128			
ECL provision	217,664	127,077	48,022	102,939
Operating Profit Before Working Capital Changes	48,454,176	21,586,159	20,302,109	10,702,635
Working Capital Changes:				
Changes in inventories	(3,631,943)	(8,937,422)	1,555,254	86,402
Changes in prepayment	3,372,991	(6,377,863)	6,789	(22,789)
Changes in trade and other receivables	(32,245,974)	(2,473,549)	(22,472,103)	(10,655,414)
Changes in trade and other payables	46,059,567	7,060,527	13,531,692	3,077,800
Changes in contract and other liabilities	17,417,175	9,506,217	10,276,561	6,140,970
	79,425,992	20,364,069	23,200,302	9,329,603
Tax paid	(4,326,160)	(3,247,340)	(2,040,792)	(1,838,412)
Tax paid adjustment		(381,855)		
Net Cash Flows from Operating Activities	75,099,832	16,734,874	21,159,510	7,491,192
Cash Flows from Investing Activities:				
Acquisition of PPE	(30,746,340)	(14,041,943)	(8,532,416)	(5,408,903)
Additions to ROU assets	(308,359)	(467,512)	(273,360)	(241,072)
Acquisition of intangible assets	(94,158)			
Additions to capital WIP	(9,359,409)	(8,596,705)	(256,932)	
Proceeds from sale of PPE	14,078	590	2,208	590
Goodwill additions	(4,009,774)			
Changes in other long-term financial assets	(19,726)	2,295,456	(19,726)	2,295,456
Interest received		1,080,163		778,105
Dividend received	2,318,102	2,089,799		
Net Cash Flows from Investing Activities	(42,205,586)	(17,640,153)	(9,080,226)	(2,575,824)
Cash Flows from Financing Activities:				
Proceeds/(repayments) of borrowings	(11,058,083)	16,187,792		(4,703,777)
Proceeds/(repayments) of bank overdraft	2,157,395	2,520,921	2,157,395	2,817,178
Changes in lease liability	(11,085)		(11,085)	
Share capital	905,998			
Share premium	10,076,720			
Net finance income/cost	(5,677,111)		(3,210,563)	
Interest paid		(1,997,221)		(828,855)
Dividend paid	(3,674,982)	(3,537,916)	(609,922)	(563,005)
Net Cash Flows from Financing Activities	(7,281,148)	13,173,576	(1,674,175)	(3,278,459)
Net Cashflows for the Year	25,613,098	12,268,297	10,405,109	1,636,908
Cash and cash equivalents, at 1 January	38,194,629	25,916,033	16,373,239	14,758,717
Effects of exchange difference	1,458,260	8,299	22,405	(22,386)
Cash and Cash Equivalents as at 31 December	65,265,987	38,194,629	26,800,753	16,373,239
Cash and Cash Equivalents as at 31 December	65,265,987	38,194,629	26,800,753	16,373,239

The statement of accounting policies and notes on pages 29 to 71 form an integral part of these financial statements.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022

1 Nature of Operations

The principal activities of NIPCO Plc and its subsidiaries (the Group) include buying, storing, selling and distributing of petroleum products to Independent Petroleum Marketers Association of Nigeria (IPMAN) members and other customers. The Group's activity also involves leasing of investment property. These activities are grouped into the following lines;

- **Petroleum Product Marketing and Distribution:** The Group activities involves buying, storing, selling and distribution of petroleum products to IPMAN members and other customers. The petroleum products comprises of petrol, automated gas oil (AGO), dual purpose kerosene (DPK), aviation turbine kerosene (ATK), liquefied petroleum gas (LPG), compressed natural gas (CNG) and lubricants.
- **Rental Service:** The Group has investment properties that are leased to corporate bodies to carry on business operations.
- **Hospitality Service:** The Group has hospitality business that provides lodging, foods and drinks services, event centres for meetings/conventions to private individuals and corporate bodies.

2 General Information, statement of compliance with IFRS, FRCN and going concern assumption

NIPCO Plc, the Group's ultimate parent company, is a limited liability company incorporated under the Companies and Allied Matters Act 2004, on the 8th day of January 2001. It was established by interested members of the Independent Petroleum Marketers Association of Nigeria (IPMAN) on 8 January 2001 with an initial authorised and paid-up share capital of 1,000,000 ordinary shares of N1.00 each. IPMAN is an association of independent oil marketers present in all parts of the country with over 6,000 members. The company has been changed to a public limited liability company with an authorised share capital of 300,000,000 ordinary share of N1.00 each with PUREBOND Limited (a United Kingdom based Group) chosen as a core investor. NIPCO Plc, its subsidiary and sub-subsidiary engage in marketing and distribution of petroleum products in Nigeria. Its registered office and principal place of business is 1 & 15 Dockyard Road, Apapa, Lagos state.

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and The Financial Reporting Council of Nigeria (FRCN). They have been prepared under the assumption the Group operates on a going concern basis, which assumes the Group will be able to discharge its liabilities as they fall due. In confirming the validity of the going concern basis of preparation, the Group has considered the following specific factors:

- the Group reported a profit of ₦17.61 billion for the year and had an excess of current liabilities over current assets of ₦64.84 billion.
- the Group generated positive operating cash flows of ₦75.06 billion in the current period.
- as disclosed in Note 6.3.2 to 6.3.5 liquidity needs of the Group are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long term liquidity needs for a 180-day and a 360-day lookout period are identified monthly. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout periods, which is typically 12 months from the date of authorisation of these financial statements.
- management prepares an annual budget and longer-term strategic plan, including an assessment of cash flow requirements, and continue to monitor actual performance against budget and plan throughout the reporting period.

Based on these factors, management has a reasonable expectation that the Group has and will have adequate resources to continue in operational existence for the foreseeable future.

The consolidated financial statements for the year ended 31 December 2022 (including comparatives) were approved and authorised for issue by the board of directors on **26 June 2023**.

2.1 Group General Information

NIPCO Plc (Parent Company) is the controlling entity of the group. NIPCO Plc exercises significant influence and control over the activities of other entities within the group by means of ownership of over 50% equity share interest. The group is made up of eight entities as listed below. NIPCO Investment Limited, NIPCO Gas Limited, and NIPCO E&P Limited are subsidiaries. 11 Plc and 22 Hospitality Limited are sub-subsidiaries of NIPCO Investment Limited. 11 Plc has a subsidiary 11 Hospitality Limited, while 22 Hospitality Limited has a subsidiary Capital Hotel Plc.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

2.1 Group General Information (Cont'd)

Group Structure	Initials
NIPCO Plc	NP
NIPCO Investments Limited	NIL
NIPCO Gas Limited	NGL
NIPCO E&P Limited	NEPL
11 Plc	11 Plc
11 Hospitality Limited	11HL
22 Hospitality Limited	22HL
Capital Hotel Plc	CHP

Initials of the entity	Proportion of Interest held by the entities							
	NP	NIL	NGL	NEPL	11 Plc	22HL	CHP	11HL
NP	Nil	100%	100%	100%	Nil	Nil	Nil	Nil
NIL	Nil	-	Nil	Nil	84.13%	100%	Nil	Nil
NGL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
NEPL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
11 Plc	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
11HL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	100%
22HL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
CHP	Nil	Nil	Nil	Nil	Nil	Nil	66.81%	Nil

	Number of shares held by the entities							
	NP	NIL	NGL	NEPL	11 Plc	22HL	CHP	11HL
NP	-	50,000,000	50,000,000	100,000,000	-	-	-	-
NIL	-	-	-	-	303,368,655	10,000,000	-	-
NGL	-	-	-	-	-	-	-	-
NEPL	-	-	-	-	-	-	-	-
11 Plc	-	-	-	-	-	-	-	-
11HL	-	-	-	-	-	-	-	100,000,000
22HL	-	-	-	-	-	-	-	-
CHP	-	-	-	-	-	-	2,111,761,433	-

3 New or revised standards or interpretations

3.1 New standards adopted as at 1st January 2022

IAS 16 - Property, Plant & Equipment

- Proceeds before Intended Use (Amendments to IAS 16) - Effective 1 January 2022

Prohibits an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss.

IAS 37 - Provisions, Contingent Liabilities & Contingent Assets

- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) - Effective 1 January 2022

Specifies which costs an entity includes when assessing whether a contract will be loss-making. It outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

3.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the company.

IFRS 17 - Insurance Contracts

- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4)

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

IAS 1 - Preparation of Financial Statements

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) - Effective 1 January 2023

IAS 1 requires an entity that has an unconditional right to delay settlement of a liability for at least 12 months from the end of the reporting period, then it can be classified as non-current, if not it is classified as current. Some preparers have found this statement confusing and consequently similar liabilities have been classified differently, making comparisons by investors difficult.

The amendments clarify the guidance in IAS 1 by:

- clarifying that the classification of a liability as either current or non-current is based on the entity's rights at the end of the reporting period
- stating that management's expectations around whether they will defer settlement or not does not impact the classification of the liability
- adding guidance about lending conditions and how these can impact classification
- including requirements for liabilities that can be settled using an entity's own instruments.

IAS 12 - Income Taxes

- Deferred Tax related to Assets and Liabilities from a Single Transaction - Effective 1 January 2023

In specific circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. There had been some diversity in practice as to whether the exemption applied to transactions such as leases and decommissioning obligations. These are transactions where entities recognise both an asset and a liability.

The amendments require an entity to recognise deferred tax on certain transactions (eg leases and decommissioning liabilities) that give rise to equal amounts of taxable and deductible temporary differences on initial recognition.

The amendments clarify that the initial recognition exemption set out in IAS 12 'Income Taxes' does not apply and entities are required to recognise deferred tax on these transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023, with early application

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

These amendments are not expected to have a significant impact on the financial statements in the period of initial application and therefore no disclosures have been made.

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the company.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

4 Significant Accounting Policies

4.1 Basis of preparation and measurement

The Group's financial statements have been prepared on an accrual basis and under the historical cost convention. Monetary amounts are expressed in Nigerian currency (₦) and are rounded to the nearest thousands, except for earnings per share.

4.2 Basis of consolidation

The Group's financial statements consolidate those of the parent company, subsidiaries and sub-subsidiaries as of 31 December 2022. The subsidiaries and sub-subsidiary have a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

4.3 Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

4.4 Foreign currency translation

Functional and presentation currency

The financial statements are presented in Nigerian naira (₦) which is also the functional currency of the company. The presentation of the financial statement in Naira is in compliance with the requirements of the Financial Reporting Council of Nigeria (FRCN).

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the financial statements, all assets, liabilities and transactions with functional currencies other than the Naira are translated into Naira upon presentation. The functional currency of the company have remained unchanged during the

On consolidation, assets and liabilities have been translated into Naira at the closing rate at the reporting date. Income and expenses have been translated into Naira at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognised in the currency translation reserve in equity. On disposal of a foreign operation, the related cumulative translation differences recognised in equity are reclassified to profit or loss and are recognised as part of the gain or loss on disposal.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

4.5 Climate related matters

Risks induced by climate changes may have future adverse effects on the Group's business activities. These risks include transition risks (eg regulatory changes and reputational risks) and physical risks (even if the risk of physical damage is low due to the company activities and geographical locations). How the Group operates its businesses may be affected by new regulatory constraints on the CO2 emissions it generates via the data centers that the Group operates in several jurisdictions. Energy consumption of data centers is high, and the Group is currently implementing new technology solutions to reduce the level of energy needed, particularly in the area of maintaining the maximum protection possible for its critical IT infrastructure (through using highly efficient evaporative cooling solutions). The Group has indicated it is committed to sourcing 100% of its energy needs from renewable resources, no later than 2035. To achieve this goal, the Group is considering projects to install solar heating systems in all its offices around the world because using renewable energy should eventually lead to much lower energy costs.

The Group is also committed to reducing the carbon footprint of its employees by updating its business trip policies and minimising its use of air-freight travel. Management note the cost of production of computer and telecommunications hardware could increase significantly in the future, due to the increasing price of commodities which in turn could affect the operational results of the Group (decrease in sales and/or of the gross margin of the retail segment). The Group could also be subject to new environmental taxes as a retailer of low recyclable hardware.

As part of its actions against climate change, the Group is committed to reduce its carbon emission from 50% by 2030 and to be carbon neutral no later than 2050. Please refer to the management report³ for further information on climate risk and any commitments made by the Group to address it

Consistent with the prior year, as at 31 December 2022, the Group has not identified significant risks induced by climate changes that could negatively and materially affect the Group's financial statements. Management continuously assesses the impact of climate-related matters.

The Group's financial statements integrate climate-related matters in various items. Notably the Group's commitments to reduce carbon emissions were considered when performing impairment tests and assessing the useful life of its non-current assets.

Assumptions could change in the future in response to forthcoming environmental regulations, new commitments taken and changing consumer demand. These changes, if not anticipated, could have an impact on the Group's future cash flows, financial performance and financial position.

4.6 Investments in associates and joint ventures

Investments in associates and joint ventures are accounted for using the equity method.

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Where the Group's share of losses in investment in associates and joint ventures equals or exceeds its equity accounted interest in the entities, including any other unsecured long-term receivables, the Group does not recognise further losses unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

4.7 Use of estimates and judgment

In preparing the financial statements, management is required to make use of estimates and assumptions that affects the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgment are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. The statement of accounting policies forms an integral part of these financial

4.8 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current and/or non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Is due to be realized within 12 months after the reporting period

Or

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4.8 Current versus non-current classification (cont'd)

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Non-current assets are due to be settled more than 12 months after the reporting period

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

4.9 Segment reporting

The Group has five operating segments: petroleum products marketing business, compressed natural gas, liquefied natural gas, hospitality business and investment property service. In identifying these operating segments, management generally follows the Group's service lines representing its main products and services (see Note 35).

Each of these operating segments is managed separately as each requires different technologies, marketing approaches and other resources. All inter-segment transfers are carried out at arm's length prices based on prices charged to unrelated customers in stand-alone sales of identical goods or services.

For management purposes, the Group uses the same measurement policies as those used in its financial statements, except for certain items not included in determining the operating profit of the operating segments, as follows:

- post-employment benefit expenses
- research costs relating to new business activities, and
- revenue, costs and fair value gains from investment property.

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker. The Chief Operating Decision Maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Country Head/ Chief Executive Officer.

For management purposes, the company is organised into business units based on its products and services. The strategic business unit offer different products and services and are managed separately because they require different marketing strategies.

The entity's operating segments are as follows

- * Petroleum products marketing
- * Compressed natural gas
- * Liquefied petroleum gas
- * Hospitality services
- * Investment property service

The company's Country Head/ Chief Executive Officer monitors the operating results of its business units separately for making decisions about resource allocation and performance assessment. Business unit performance is evaluated based on revenue and cost of sales. Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

4.10 Revenue from contract with customers

Revenue arises mainly from the sale of petroleum products, (namely petrol, AGO, and ATK), LPG, CNG, lubricants and hotel services.

To determine whether to recognise revenue, the Company follows a 5-step process:

- * The company has identified the contract(s) with the customer;
- * The company has identified the performance obligations in the contracts;
- * The transaction price can be determine by the company.
- * Allocation of transaction price to the performance obligations; and
- * Recognition of revenue when (or as) the entity satisfies a performance obligation.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorised the different revenue stream detailed below.

Contract balances

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the

4.11 Cost of sales

Cost of sales are recognised in profit or loss upon utilization of the service or as incurred. Cost of sales includes purchase cost of merchandise and directly attributable overheads.

4.12 Other income

Other operating income relates to income earned from other activities other than the company's principal activities. It comprises of exchange gains, profits on disposal, sales of scrap items, and other sundry incomes

4.13 Administrative expenses

Operating expenses are recognised in profit or loss upon utilization of the service or as incurred. Expenditure for warranties is recognised when the company incurs an obligation, which is typically when the related goods are sold.

4.14 Earnings Per Share, Interests and dividends

Basic earnings per share have been calculated using the profit attributable to shareholders of the company as the numerator, i.e. no adjustments to profit were necessary in 2022 or 2021. Diluted earnings per share are calculated by dividing profit or loss for the year by the fully-diluted number of ordinary shares outstanding during the year. Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established.

Interest income and expenses are reported on an accrual basis using the effective interest method. Dividends, other than those from investments in associates, are recognised at the time the right to receive payment is established. Dividend income from investment is recognised when the shareholder's right to receive payment has been established (provided that it is probable that economic benefits will flow to the company and the amount of income can be measured reliably).

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

4.15 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

4.16 Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. Goodwill is carried at cost less accumulated impairment losses. Refer to Note 18 for a description of impairment testing procedures.

4.17 Intangible assets**Initial recognition of other intangible assets****Brand names and customer lists**

Brand names and customer lists acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values.

Internally developed software

Expenditure on the research phase of projects to develop new customised software for IT and telecommunication systems is recognised as an expense as incurred.

Costs that are directly attributable to a project's development phase are recognised as intangible assets, provided they meet all of the following recognition requirements:

- the development costs can be measured reliably
- the project is technically and commercially feasible
- the Group intends to and has sufficient resources to complete the project
- the Group has the ability to use or sell the software, and
- the software will generate probable future economic benefits.

Development costs not meeting these criteria for capitalisation are expensed as incurred.

Directly attributable costs include employee costs incurred on software development along with an appropriate portion of relevant overheads and borrowing costs

Subsequent measurement

All finite-lived intangible assets, including capitalised internally developed software, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing as described in Note 4.16. The following useful lives are applied:

- software: 10 years
- Permits: 20 years
- Franchise: 10 years

Any capitalised internally developed software that is not yet complete and intangible assets with indefinite useful life are not amortised but are subject to impairment testing as described in Note 4.16.

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets.

Subsequent expenditures on the maintenance of computer software and brand names are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

Intangible assets (cont'd)

The Group's intangible assets are classified into two groups:

a) Software License

These are acquired computer software licenses and are capitalised on the basis of costs incurred to acquire and bring to use the specific software. The costs are amortised on a straight line basis over 15 years which is the estimated useful life of the software. Upgrades are amortised over the remaining useful life of the asset and costs associated with maintaining computer software programs are recognised in expense as incurred. This was fully amortised in 2021.

b) Permits

These are capitalised amounts paid to a third-party for a right of way permit. The permit is for 20 years and it is amortised using the straight line method.

Intangible assets amortisation is recognised in profit or loss. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. These are reviewed annually and adjusted when appropriate.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal.

4.18 Property plant and equipment**Land**

Land owned is stated at revalued amounts. Revalued amounts are fair values based on appraisals prepared by external professional valuers once every two years or more frequently if market factors indicate a material change in fair value. Any revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

As land does not have a finite useful life, related carrying amounts are not depreciated.

Buildings, IT equipment and other equipment

Buildings, IT equipment and other equipment (comprising fittings and furniture) are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Buildings and IT equipment also include leasehold property. Buildings, IT equipment and other equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, IT equipment and other equipment. The following useful lives are applied:

- buildings: 25–50 years
- IT equipment: 2–5 years
- other equipment: 3–12 years.

In the case of right-of-use assets, expected useful lives are determined by reference to comparable owned assets or the lease term, if shorter. Material residual value estimates and estimates of useful life are updated as required, but at least

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss either within other income or other expenses.

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

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the company's accounting policy. Depreciation is not charged on these assets until the assets are available for their intended use.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

Property plant and equipment (Cont'd)

Depreciation is charged to profit or loss using the straight-line method so as to write off the cost to their residual values over their estimated useful lives on the following bases:

	Estimated useful lives - years
- Building	50 years
- Motor Vehicles and Bicycles	3 - 5 years
- Office and Communication Equipment	3 - 5 years
- Pipelines	5 - 10 years
- Computer Equipment	3 years
- Furniture and Fittings	5 - 10 years
- Laboratory Equipment	3 years
- Plant and Machinery	5 - 10 years
- Fire Fighting Equipment and Electrical Installation	5 - 10 years

Land is not depreciated. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The Building was constructed on a land outrightly purchased by the company. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts. The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Expenses on repairs and maintenance for instance day to day service cost and ongoing maintenance cost are recognized in profit or loss immediately. Major repairs and overhaul costs are capitalized if it will result in future economic benefits. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

4.19 Leased assets

The company as a lessee

The Group makes the use of leasing arrangements principally for the provision of the main warehouse and related facilities, office space, and IT equipment and motor vehicles (although the Group currently has no motor vehicles). The rental contracts for offices are typically negotiated for terms of between 3 and 20 years and some of these have extension terms. Lease terms for office fixtures and equipment and motor vehicles have lease terms of between 6 months and 6 years without any extension terms. The Group does not enter into sale and leaseback arrangements. All the leases are negotiated on an individual basis and contain a wide variety of different terms and conditions such as purchase options and escalation

The Group assesses whether a contract is or contains a lease at inception of the contract. A lease conveys the right to direct the use and obtain substantially all of the economic benefits of an identified asset for a period of time in exchange for consideration.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at offices and servicing and repair contracts in respect of motor vehicles. The Group has elected to not separate its leases for offices into lease and non-lease components and instead accounts for these contracts as a single lease component. For its other leases, the lease components are split into their lease and non-lease components based on their relative stand-alone prices.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability in its consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the Group's incremental borrowing rate because as the lease contracts are negotiated with third parties it is not possible to determine the interest rate that is implicit in the lease. The incremental borrowing rate is the estimated rate that the Group would have to pay to borrow the same amount over a similar term, and with similar security to obtain an asset of equivalent value. This rate is adjusted should the lessee entity have a different risk profile to that of the

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced by lease payments that are allocated between repayments of principal and finance costs. The finance cost is the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability.

The lease liability is reassessed when there is a change in the lease payments. Changes in lease payments arising from a change in the lease term or a change in the assessment of an option to purchase a leased asset. The revised lease payments are discounted using the Group's incremental borrowing rate at the date of reassessment when the rate implicit in the lease cannot be readily determined. The amount of the remeasurement of the lease liability is reflected as an adjustment to the carrying amount of the right-of-use asset. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

Payments under leases can also change when there is either a change in the amounts expected to be paid under residual value guarantees or when future payments change through an index or a rate used to determine those payments, including changes in market rental rates following a market rent review. The lease liability is remeasured only when the adjustment to lease payments takes effect and the revised contractual payments for the remainder of the lease term are discounted using an unchanged discount rate. Except for where the change in lease payments results from a change in floating interest rates, in which case the discount rate is amended to reflect the change in interest rates.

To respond to business needs, particularly in the demand for office space, the Group will enter into negotiations with landlords to either increase or decrease available office space or to renegotiate amounts payable under the respective leases. In some instances, the Group is able to increase office capacity by taking additional floors available and therefore agrees with the landlord to pay an amount that is commensurate with the stand-alone pricing adjusted to reflect the particular contract terms. In these situations, the contractual agreement is treated as a new lease and accounted for accordingly.

In other instances, the Group is able to negotiate a change to a lease such as reducing the amount of office space taken, reducing the lease term or by reducing the total amount payable under the lease, both of which were not part of the original terms and conditions of the lease. In these situations, the Group does not account for the changes as though there is a new lease. Instead, the revised contractual payments are discounted using a revised discount rate at the date the lease is effectively modified. For the reasons explained above, the discount rate used is the Group's incremental borrowing rate determined at the modification date, as the rate implicit in the lease is not readily determinable.

The remeasurement of the lease liability beyond the COVID-19 practical expedient that was permitted by the IASB in 2022, is dealt with by a reduction in the carrying amount of the right-of-use asset to reflect the full or partial termination of the lease for lease modifications that reduce the scope of the lease. Any gain or loss relating to the partial or full termination of the lease is recognised in profit or loss. The right-of-use asset is adjusted for all other lease modifications.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to items of office equipment such as desks, chairs, and certain IT equipment. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The Group as a lessor

As a lessor the Group classifies its leases as either operating or finance leases.

The Group assessed whether it transfers substantially all the risks and rewards of ownership. Those assets that do not transfer substantially all the risks and rewards are classified as operating leases. The Group has currently not entered into any lease that is classified as finance lease.

Rental income is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating. 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

The Group as a lessor (Cont'd)

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature.

4.20 Impairment testing of goodwill, other intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business combination and represent the lowest level within the Group at which management monitors goodwill.

Cash-generating units to which goodwill and intangible asset that has an indefinite useful life or is not yet available for use has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures is directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganisations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to the cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

With the exception of goodwill, all assets are subsequently reassessed for indications an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

4.21 Investment property

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are accounted for using the fair value model.

Investment properties are revalued annually with resulting gains and losses recognised in profit or loss. These are included in the consolidated statement of financial position at their fair values.

Investment property is recognised as an asset when it is probable that the future economic benefits associated with the investment property will flow to the Group and the cost of the investment property can be measured reliably. The details of the properties are disclosed on Note 16.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property.

Subsequent costs are included in the carrying amount of the investment property or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Cost model

Investment property is carried at cost, less depreciation and any impairment losses.

Assets under Construction is not subject to depreciation until they are completed.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

4.22 Prepayments

Prepayments are stated at amortised cost. It represents prepaid expenses for insurance, rents, vendors, and other related operational expenses.

4.23 Inventories

Inventories are stated at the lower of cost or net realisable value. The cost of materials is the purchased cost determine at first-out basis. Inventories are stated at the lower of cost and net realizable value using the First-In-First-Out (FIFO) method. Net realizable value represents the estimated selling price of inventories less estimated cost to make the sale.

The cost of the inventories items are as follows:

- The actual cost of the items
- Importation cost
- Transportation cost to desired location

4.24 Financial instruments**4.24.1 Recognition, and derecognition**

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.24.2 Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following

- amortised cost
- fair value through profit or loss (FVTPL)
- fair value through other comprehensive income (FVOCI).

In the periods presented, the corporation does not have any financial assets categorised as FVOCI.

The classification is determined by both:

- * the entity's business model for managing the financial asset
- * the contractual cash-flow characteristics of the financial asset.

All revenue and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

4.24.3 Subsequent measurement of financial assets**Financial assets at amortised cost**

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply (see below).

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

Financial assets at fair value through profit or loss (FVTPL) - Cond't

The category also contains an equity investment. The company accounts for the investment at FVTPL and did not make the irrevocable election to account for the investment in unquoted securities and listed equity securities at fair value through other comprehensive income (FVOCI). The equity investment in unquoted securities was measured at cost less any impairment charges in the comparative period under IAS 39, as it was determined that its fair value could not be estimated reliably. In the current financial year, the fair value was determined in line with the requirements of IFRS 9, which does not allow for measurement at cost.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The company accounts for financial assets at FVOCI, if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognised in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

4.24.4 Impairment of financial assets

IFRS 9's impairment requirements use forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. Instruments within the scope of the requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or

The company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category while 'lifetime expected credit losses' are recognised for the second category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Trade and other receivables and contract assets

The Group makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Group assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Where consistent with the provisioning horizon, the possible impact of climate risks on the determination of expected credit losses has been integrated.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

Trade receivables are carried at amortised cost less allowance for impairment losses. Invoices are due for payment as soon as they are raised except when customers are pre-billed or allowed an extended credit period. No interest is charged on the overdue receivables. The company has recognised a provision for expected credit loss of 100% against all receivables over 360 days because historical experience has been that receivables that are past due beyond 360 days are not likely to be recoverable. When trade receivable, or the oldest portion of an instalment or sales receivable, has been due for 450 days (15 months); it is assumed to be uncollectible and the entire receivable is written off.

Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Credit limits are reviewed periodically by the Financial Controller.

Provision for expected credit losses

Provisions are made for credit losses on all receivables in order to reduce the Company's financial exposure to any losses on bad debts. There are no trade receivables which are past due at the reporting date against which an allowance has not been made. Allowance for credit losses are reversed if all amounts are recovered. The impairment recognized represents the difference between the carrying amount of these trade receivables and the amounts that are deemed recoverable by the Company. The company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty. 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 reporting date.

4.24.5 Classification and measurement of financial liabilities

The financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Loans & borrowings

This is the category most relevant to the Group. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains or losses is recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Primarily in the last 5 years of the company's operations, its major financial liabilities has been trade and other payables, which are not interest bearing and of which the effective interest method may not necessarily apply.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or cost that are an integral part of the EIR. The EIR amortisation is included as finance costs in the income statement.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

4.25 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Deferred income taxes are calculated using the balance sheet liability method.

Deferred tax assets are recognised to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit.

Deferred tax liabilities are generally recognised in full, although IAS 12 'Income Taxes' specifies limited exemptions. As a result of these exemptions the company does not recognize deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

Withholding tax

The Nigerian Government requires an entity paying for services rendered by the Company to withhold or deduct tax from the payment and pay that tax to the Government. This is considered an advance payment of Company income tax by the Company (who rendered the service) and is paid by the customer receiving the service on behalf of the Company. The company is entitled to receive a Tax Credit Note from the customer who received the service as evidence that the withholding tax has been paid. The company can then utilize these Credit Notes to reduce the amount of income tax payable. Without receipt of Credit note from the customer, the Company is unable to benefit from the prepayment of tax in the form of the withholding tax. The company recognizes a withholding tax receivable once the service has been rendered and the withholding tax has been deducted by the customer from payment due to the Company. The company assesses the recoverability of the Tax Credit Notes from the customers relating to the amounts deducted by its customers. The company makes appropriate allowances for estimated irrecoverable amounts when there is objective evidence that the Withholding Tax Credit Notes may not be received. These impairment allowances are recognized in profit or loss under distribution

4.26 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days or less from the date of acquisition that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, less restricted cash as they are considered an integral part of the Company's cash management. The restrictions are in respect of Advance Performance Guarantees provided by some banks for some customers pending the performance of the contractual obligations by the Company and excess amount with Central Bank of Nigeria being the unutilized LC's amount made for the purpose of bidding for foreign exchange to finance LCs for the Company which were yet to be refunded as at reporting date. The cash is restricted for a period of 12 months after year end.

4.27 Non-current assets and liabilities classified as held for sale and discontinued operations

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Group's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortisation.

Any profit or loss arising from the sale of a discontinued operation or its remeasurement to fair value less costs to sell is presented as part of a single line item, profit or loss from discontinued operations (see Note 4.11).

4.28 Equity and reserves

Share capital represents the nominal (par) value of shares that have been issued.

Share premium includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period retained profits and share-based employee remuneration.

Other components of equity include the following:

- **revaluation reserve** – comprises gains and losses from the revaluation of all assets (see Note 15)
- **remeasurement of net defined benefit liability** – comprises the actuarial losses from changes in demographic and financial assumptions and the return on plan assets (see Note 32)

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date.

4.29 Post-employment benefits and short-term employee benefits**Post-employment benefit plans**

The company provides post-employment benefits through defined contribution and defined benefit plan.

Defined contribution plans

The company pays fixed contributions into independent entities in relation to several state plans and insurances for individual employees. The company has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that related employee services are received.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

Defined contribution plans (Cont'd)

The company makes provision for retirement benefits in accordance with the Pension Reform Act 2014. The contribution by the employer and employee is 10% and 8% respectively of the employees' basic salary, housing and transport allowances.

Defined benefit plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined by independent actuaries using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement gains or losses arising from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments are immediately recognised in other comprehensive income.

The defined benefit asset or liability recognised in the statement of financial position represents the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Fair value is based on market price information and in the case of quoted securities, it is the published bid price.

Short-term employee benefits

Short-term employee benefits, including holiday entitlement, are current liabilities included in pension and other employee obligations, measured at the undiscounted amount that the company expects to pay as a result of the unused entitlement.

4.30 Provisions, contingent assets and contingent liabilities

Provisions for legal disputes, onerous contracts or other claims are recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain.

Restructuring provisions are recognised only if a detailed formal plan for the restructuring exists and management has either communicated the plan's main features to those affected or started implementation. Provisions are not recognised for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the company is virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

The expense relating to any provision is recognised and presented in the statement of profit or loss and other comprehensive income net of any reimbursement. If the effect of time value of money is material, provision are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability. Where discounting is used, increase in the provision due to the passage of time is recognised as part of finance cost in income statement.

Warranty obligation

The company provides warranties for general repairs of defects that existed at the time of sale, as required by law. Provisions relate to these assurance-type warranties are recognized when the product is sold or the service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

5 Significant management judgement in applying accounting policies and estimation uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

5.1 Significant management judgements

The following are the judgements made by management in applying the accounting policies of the company that have the most significant effect on the financial statements.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

5.1.1 Recognition of contract revenue over time or at a point in time

For some of the Group's contracts with customers significant judgement is required to assess whether control of the related performance obligation(s) transfers to the customer over time or at a point in time in accordance with IFRS 15. Specifically, for contracts that involve developing a customer-specific asset with no alternative use to the Group, judgement is needed to determine whether the Group is entitled to payment for its performance throughout the contract period if the customer sought to cancel the contract. In making this assessment the Group compares the amount it is entitled to collect based on the agreed payment schedule to the estimated level of costs at all stages in the contract in order to estimate the percentage margin it would retain on cancellation. The Group then compares the lowest margin percentage through the contract period to the expected margin percentage on completion. If the lowest expected margin percentage is at least equal to the final percentage margin, within a tolerance of 2%, the Group assesses it has a right to payment for its performance throughout the contract period and recognises revenue over time. In the majority of cases the payment schedule is sufficiently front-loaded to meet this condition. If the condition is not met the Group recognises revenue on only completion. In making this judgement the Group has considered the applicable contract law in the event of a customer seeking to cancel a contract without having the right to do so and has concluded that the court of law would not necessarily enforce specific contract performance.

5.1.2 Capitalisation of internally developed software

Distinguishing the research and development phases of a new customised software project and determining whether the recognition requirements for the capitalisation of development costs are met requires judgement. After capitalisation, management monitors whether the recognition requirements continue to be met and whether there are any indicators that capitalised costs may be impaired.

5.1.3 Climate-related matters

The potential impact of climate-related matters has been considered in the preparation of financial statements, including environmental legislations and commitments made by the Group which may affect the value of financial assets and liabilities. In many cases, the judgements applied refer to the recoverable amount of assets and useful life of tangible assets.

5.1.4 Classification of Intercompany payable as non-current payable

In determining whether intercompany payable can be classified as non-current payable, the Company made some assumptions and judgements regarding the estimated future cash flow, discount rate and expected repayment period. Based on the modification of repayment period from one year to three years, the intercompany payable due for repayment after 12 months was reclassified to non-current.

5.1.5 Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised.

5.2 Estimates and assumptions

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

5.2.1 Climate estimates and assumptions

The long-term consequences of climate changes on financial statements are difficult to predict and require entities to make significant assumptions and develop estimates.

Assumptions used by the Group are subject to uncertainties relating to regulatory changes (eg green taxes adopted by governments), new environmental commitments made by the Group to meet its carbon reduction goals, development of new technologies, depletion of natural resources used petroleum products, etc. Due to these uncertainties, the figures reported in the Group's future financial statements could differ from the estimates established at the time these financial statements were approved.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

5.2.2 Provision for expected credit losses (ECL) of trade receivables

The company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, and customer type).

The provision matrix is initially based on the Company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 25.

5.2.3 Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and computer equipment.

5.2.4 Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by market-driven changes that may reduce future selling prices.

5.2.5 Business combination

Management uses various valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination (see Note 15.4). In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquirees' future profitability (see Note 5.1)

5.2.6 Defined benefit plans

The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future gratuity increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is determined on the Company's reporting date by reference to market yields on high quality Government bonds. The discount rate should reflect the duration of the liabilities of the benefit programme. See Note 32 for details.

5.2.7 Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

5.2.8 Impairment losses on other financial assets

The measurement of impairment losses under IFRS 9 requires estimates that are driven by a number of factors, changes in which can result in different levels of allowances. The company's ECL calculations are outputs of complex models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the ECL models that are considered accounting judgements and estimates include:

- The segmentation of financial assets when their ECL is assessed on a collective basis
- Development of ECL models, including the various formulas and the choice of inputs
- Determination of associations between macroeconomic scenarios and economic inputs, such as unemployment levels, Gross Domestic Products and inflation rate, and the effect on PDs, EADs and LGDs
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the ECL models

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

5.2.9 Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

5.2.10 Taxes

Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

5.2.11 Leases – determination of the appropriate discount rate to measure lease liabilities

As noted above, the Group enters into leases with third-party landlords and as a consequence the rate implicit in the relevant lease is not readily determinable. Therefore, the Group uses its incremental borrowing rate as the discount rate for determining its lease liabilities at the lease commencement date. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over similar terms which requires estimations when no observable rates are available.

The Group consults with its main bankers to determine what interest rate they would expect to charge the Group to borrow money to purchase a similar asset to that which is being leased. These rates are, where necessary, then adjusted to reflect the credit worthiness of the entity entering into the lease and the specific condition of the underlying leased asset. The estimated incremental borrowing rate is higher than the parent company for leases entered into by its subsidiary undertakings.

6 Financial Risk Management

Introduction

The company uses its financial skills to provide competitive product pricing and delivery to a broad range of customers.

Risk Management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

6.1 Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control
- Ensuring significant and relevant skills and services are available consistently to the company;
- Influencing the business and environment by being active participants in the relevant regulatory and business
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The overall company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of transactions.

The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

The company has exposure to significant risks which are categorised as follows:

- (i) Regulatory (capital adequacy, legal, accounting and taxation);
- (ii) Business environment (reputation and strategic);
- (iii) Operational (people, information technology and internal control processes);
- (iv) Market (equity prices, interest rate and currency); and
- (v) Liquidity

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

6.2 Detailed discussion of significant risks

6.2.1 Regulatory risk

Regulatory risk is the risk arising from a change in regulations in any legal, taxation and accounting pronouncements or specific industry that pertain to the business of the company. In order to manage this risk, the company is an active participant in the petroleum industry and engages in discussions with policy makers and regulators.

6.2.2 Legal risk

Legal risk is the risk that the company will be exposed to contractual obligations which have not been provided for.

The company has a policy of ensuring all contractual obligations are documented and appropriately evidenced to agreements with the relevant parties to the contract.

All significant contracted claims are reviewed by independent legal resources and amounts are provided for if there is consensus as to any possible exposure. At 31 December 2021, the directors are not aware of any significant obligation not provided for.

6.2.3 Taxation risk

Taxation risk is the risk of suffering a loss, financial or otherwise, as a result of an incorrect interpretation and application of taxation legislation or due to the impact of new taxation legislation on existing products.

Taxation risk occurs in the following key areas:

- Transactional risk;
- Operational risk;
- Compliance risk; and
- Financial accounting risk.

- Transactional risk

The risk which concerns specific transactions entered into by the company, including restructuring projects and

- Operational risk

The underlying risks of applying tax laws, regulations and decisions to the day-to-day business operations of the company.

- Compliance risk

The risk associated with meeting the company's statutory obligations.

- Financial accounting risk

The risk relates to the inadequacy of proper internal controls over financial reporting, including tax provisioning.

In managing the company's taxation risk, the company tax policy is as follows:

The company will fulfil its responsibilities under tax law in each of the jurisdictions in which it operates, whether in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the company may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

Compliance with this policy is aimed at ensuring that:

- All taxes due by the company are correctly identified, calculated, paid and accounted for in accordance with the relevant tax legislation;
- The company continually reviews its existing operations and planned operations in this context; and
- The company ensures that, where clients participate in company products, these clients are either aware of the probably tax consequences, or are advised to consult with independent professionals to assess these consequences, or both.

The identification and management of tax risk is the primary objective of the company tax function, and this objective is achieved through the application of a formulated tax risk approach, which measures the fulfilment of tax responsibilities against the specific requirements of each category of tax to which the company is exposed, in the context of the various types of activities the company conducts.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

6.2.4 Accounting risk

Accounting risk is the risk that the company fails to explain the current events of the business in the financial statements.

Accounting risk can arise from the failure of management to:

- Maintain proper books and records, accounting system and to have proper accounting policies;
- Establish proper internal accounting controls;
- Prepare periodic consolidated financial statements that reflect an accurate financial position; and
- Be transparent and fully disclose all important and relevant matters.

Measures to control accounting risk are the use of proper accounting systems, books and records based on proper accounting policies as well as the establishment of proper internal accounting controls. Proposed accounting changes are researched by accounting resources, and if required external resources, to identify and advise on any material impact on the

Financial statements are prepared in a transparent manner that fully discloses all important and relevant matters as well as accurately reflecting the financial position, results and cash flows of the company.

6.3 Business environment

6.3.1 Reputational risk

Reputational risk is the risk of loss caused by a decline in the reputation of the company or any of its specific business units from the perspective of its stakeholders, shareholders, customers, staff, business partners or the general public.

Reputational risk can both cause and result from losses in all risk categories such as market or credit risk.

6.3.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a loss to the other party by failing to discharge an

Key areas where the company is exposed to credit risk are:

- * Certain classes of financial assets such as bonds, term deposits and cash and cash equivalent; and
- * Certain accounts within trade and other receivables.

Financial assets

Various debt instruments are entered into by the company in order to invest surplus shareholder funds. The company is exposed to the issuer's credit standing on these instruments.

The following policy and procedure is in place to mitigate the company's exposure to this credit risk:

- * Exposure to outside financial institutions concerning financial instrument is monitored in accordance with parameters which have been approved by the company's board.

31 December 2022	1 - 12 Months R'000	13 Months & above R'000
Trade and other receivables	166,999,800	-
Inventories	3,315,642	-
Cash and cash equivalents	26,800,753	-
Total	197,116,195	-
<hr/>		
31 December 2021		
Trade and other receivables	144,527,697	-
Inventories	4,870,896	-
Cash and cash equivalents	16,373,239	-
Total	165,771,832	-

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

6.3.3 Liquidity risk

Liquidity risk is that the company might be unable to meet its obligations. The company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on 360-day lookout period are identified monthly. Net cash requirements are compared to available the basis of a rolling 30-day projection. Long-term liquidity needs for a 180-day and a borrowing facilities in order to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be sufficient over the lookout period.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, Treasury maintains flexibility in funding by keeping committed credit lines available.

31 December 2022	1 - 12 Months N'000	13 Months & above N'000
Trade and other payables	81,524,580	1,033,391
Contract and other liabilities	75,772,170	
Lease liability	94,594	
Borrowings	12,928,858	
Total	170,320,202	1,033,391
<hr/>		
31 December 2021		
Trade and other payables	52,790,017	16,236,262
Contract and other liabilities	65,428,866	
Lease liability	105,679	
Borrowings	10,771,463	
Total	129,096,025	16,236,262

6.3.4 Market risk

Market risk includes asset and liability matching risk, currency risk, and interest rate risk. The company is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk and foreign currency risk. These risks arise from open positions in interest rate, and foreign currency, all of which are exposed to general and specific market movements.

Foreign currency risk

In respect of other monetary assets and liabilities held in currencies other than the Naira, the company ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates, where necessary, to address short-term imbalances.

The company undertakes certain transactions dominated in foreign currencies. Hence, exposure to exchange rate fluctuation arises. There have been no changes to the company's exposure to market risks or the manner in which these risk arise. The company is mainly exposed to the currency of Nigeria naira.

Interest rate risk

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates. Interest rate arises from movement in interest rate which could have effect on the company's net income or financial position. Changes in interest rates may cause variation in interest income and expenses resulting from interest bearing assets and liabilities.

6.3.5 Capital Risk Management

The primary objective of the company's capital management is to safeguard the company's ability to continue as a going concern and to maintain healthy capital ratios to support its business and maximize shareholders value.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings. The company is not subject to any externally imposed capital requirements.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

6.3.5 Capital Risk Management

The primary objective of the company's capital management is to safeguard the company's ability to continue as a going concern and to maintain healthy capital ratios to support its business and maximize shareholders value.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued share capital, reserves and retained earnings. The company is not subject to any externally imposed capital requirements.

The company manages its capital structure and makes adjustments to it, as needed response to changes in economic conditions. To maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objective policies or processes for managing capital during the years ended 31 December 2022 & 2021. The company calculates net debt using total liabilities (borrowings, trade & other payables, provisions, contract liability and other liabilities.), less cash and cash equivalents.

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
Total liabilities	315,660,105	267,342,239	175,968,829	149,244,002
Less: Cash & cash equivalents	(65,265,987)	(38,194,629)	(26,800,753)	(16,373,239)
Net Debt	250,394,118	229,147,610	149,168,076	132,870,763
Equity	203,976,975	125,342,753	106,350,557	76,764,480
Net Debt & Equity	122.76%	182.82%	140.26%	173.09%
Total borrowings	71,522,171	80,422,859	12,928,858	10,771,463
Gearing Ratio	35.06%	64.16%	12.16%	14.03%

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
7 Revenues				
Sale of fuels	612,643,780	381,194,065	399,711,492	219,143,678
Sale of LPG	133,412,012	98,110,578	59,685,010	78,285,633
Sale of CNG	11,752,616	8,914,497	-	-
Sale of lubricants	78,222,252	59,069,346	1,772,632	1,539,353
Food, beverage & room	14,123,114	4,052,081	-	-
Sale of gas accessories	95,822	9,627	95,822	9,627
Dividend income	-	-	-	-
	850,249,596	551,350,194	461,264,956	298,978,291
8 Cost of Sales				
Purchase cost	757,348,890	501,090,153	422,520,342	272,942,282
Food, beverage & rooms	2,259,627	477,789	-	-
Inspection expenses	29,888	19,761	29,888	19,761
Lease rental expenses	21,662	24,209	21,662	24,209
Manufacturing cost	669,133	845,420	-	-
Management fee	4,958,598	3,405,463	4,958,598	3,405,463
Other direct cost	6,434,854	1,776,441	3,086,784	1,776,032
	771,722,652	507,639,236	430,617,274	278,167,747
9 Other Income				
Rent received	8,565,452	8,173,007	31,732	32,196
Miscellaneous income	8,444,763	5,157,123	6,117,493	3,083,426
Marketers throughput commission	309,425	8,723	309,425	8,723
NNPC throughput commission	473,316	483,234	473,316	483,234
	17,792,956	13,822,087	6,931,966	3,607,579

Other income relates to income earned from other activities other than the group's principal activities. Miscellaneous income represent income from insurance claims, margins, exchange gains, and other income from retail division operations.

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
10 Selling and Marketing Cost				
Selling and distribution expenses	8,997,572	8,057,641	220,979	234,669
Sales rebate, dealers margin & haulage expenses	4,776,110	4,252,134	4,774,451	4,252,134
	13,773,682	12,309,775	4,995,430	4,486,803

Selling and marketing cost consist of expenses incurred in promoting the company's business. While sales rebate expenses are cost incurred through rebate given to dealers on products lifted.

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

11 Administrative Expenses

Employee benefit expenses	5,159,249	2,820,157	1,468,640	1,179,663
Directors remuneration	257,865	208,875	22,600	23,700
Audit fee	101,250	57,875	25,000	20,000
Bad debt written-off	195,128	-	-	-
Depreciation and amortisation	20,103,447	14,919,901	6,079,980	5,418,754
ECL provision	217,664	127,077	48,022	102,939
Office expenses	22,181,229	14,998,061	10,757,383	8,078,714
	48,215,832	33,131,946	18,401,625	14,823,770

The Group's employee benefit expenses relates to cost incurred on staff remuneration and other related employee expenses (See Note 11.1). Directors Remuneration are cost incurred on directors allowances; Depreciation expenses relate to the reduction of the depreciable amount of the respective assets. Impairment loss has been provided based on the recoverability of the asset being less than the carrying value of the group's assets. Other administrative expenses mainly comprises of advert and promotion, repairs and maintenance, printing and stationery, telephone and postages, travel and hotel expenses.

11.1 Employee Benefit Expenses

Wages and salaries	4,811,015	2,458,871	1,209,549	994,864
Pension cost	149,423	238,860	108,050	102,270
Bonus, allowance & incentives	179,799	102,926	149,927	81,385
ITF expenses	950	614	950	614
Other staff cost	18,062	18,886	164	530
	5,159,249	2,820,157	1,468,640	1,179,663

The average number of persons employed full time by the Company during the year, excluding Directors were as follows:

	Group		Company	
	2022 Number	2021 Number	2022 Number	2021 Number
11.1.1 Employees				
Management staff	45	42	22	22
Senior staff	219	242	155	162
Junior staff	292	341	26	31
	556	625	203	215
11.1.2 Range				
900,001 – 2,000,000	307	437	34	91
2,000,001 – 4,000,000	116	90	94	85
4,000,001 – 6,000,000	64	29	57	27
6,000,001 – 8,000,000	8	7	7	6
Above 8,000,001	61	62	11	6
	556	625	203	215

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
11.2 Depreciation and Amortisation				
Depreciation of PPE	17,034,321	11,926,351	5,868,028	5,281,750
Depreciation of investment property	2,572,554	2,572,826		
Depreciation of ROU assets	473,489	408,776	211,952	137,004
Amortisation of other intangible assets	23,083	11,948		
	20,103,447	14,919,901	6,079,980	5,418,754
12 Finance Income				
Interest income	2,208,935	1,080,163	1,735,770	778,105
	2,208,935	1,080,163	1,735,770	778,105

The Group's finance income represent interest income on short - term bank deposit and loan to employee. It also includes interest income earned on placement with banks.

13 Finance Cost				
Interest on loan & overdraft	6,169,849	1,891,755	3,263,729	723,389
Interest on defined benefit obligation	104,448	92,129	104,448	92,129
Interest on lease	51,004	13,337	51,004	13,337
Bank charges	1,560,745	1,011,521	1,527,152	1,004,317
	7,886,046	3,008,742	4,946,333	1,833,172

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
14 Taxation				
14.1 Income Tax Recognised in Income Statement				
Current Tax				
Company income tax	5,267,240	4,369,068	2,332,879	1,801,848
Education tax	888,844	481,877	338,087	239,226
Police trust fund levy	549	-	549	-
NASENI levy	27,430	-	27,430	-
Prior year (over)/under provision	27,119	-	(283)	-
	6,211,182	4,850,945	2,698,662	2,041,074
Deferred Tax				
Deferred tax expense	4,828,398	(386,436)		
Total Income Tax Expenses	11,039,580	4,464,509	2,698,662	2,041,074

The tax rate used for the 2022 and 2021 tax computation is 30% payable by Corporate Entities in Nigeria and 2.5% for Education Tax.

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

14.2 Current Tax Liabilities

At 1 January	4,343,536	3,110,618	2,041,074	2,208,684
Charge for the year	6,211,182	4,850,945	2,698,662	2,041,074
	10,554,718	7,961,563	4,739,736	4,249,758
WHT credit utilised	(32,843)	(370,687)	-	(370,272)
Paid during the year	(4,326,160)	(3,247,340)	(2,040,792)	(1,838,412)
At 31 December	6,195,715	4,343,536	2,698,944	2,041,074

14.3 Deferred Tax Liabilities

At January 1	6,703,719	7,090,155	778,357	778,357
Change for the year	4,828,398	(386,436)	-	-
Capital Hotel opening balance addition	978,539	-	-	-
At December 31	12,510,656	6,703,719	778,357	778,357

Deferred taxes arising from temporary differences and unused tax losses are summarised above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

15 Property, Plants & Equipment

Company

	Land ₦'000	Buildings ₦'000	Pipelines ₦'000	Plant and Machinery ₦'000	Vehicle and Bicycle ₦'000	Office and Communication Equipment ₦'000	Computer Equipment ₦'000	Furniture and Fittings ₦'000	Laboratory Equipment ₦'000	Fire Fighting Equipment and Electrical Installation ₦'000	Total ₦'000
Cost											
As at 1 January 2022	18,581,906	8,708,727	-	37,744,159	7,424,482	92,534	44,707	82,509	8,782	2,547,605	75,235,411
Additions	492,404	416,687	-	2,177,351	5,191,143	11,366	12,616	2,764	-	228,064	8,532,416
Revaluation surplus	1,796,249	1,030,531	-	20,603,216	(602,138)	64,609	14,129	33,249	-	(1,001,036)	21,947,072
Disposal	-	-	-	-	(5,000)	-	-	-	-	-	(5,000)
As at 31 December 2022	20,870,559	10,155,945	-	60,524,726	12,008,487	168,509	71,452	118,522	17,046	1,774,653	105,709,899
Depreciation											
As at 1 January 2022	-	551,193	-	12,169,975	2,646,394	54,025	35,520	43,633	8,782	664,471	16,173,993
Charge for the year	-	167,977	-	3,776,393	1,624,950	19,891	5,095	8,237	-	265,484	5,868,027
Disposal	-	-	-	-	(2,792)	-	-	-	-	-	(2,792)
As at 31 December 2022	-	719,170	-	15,946,368	4,268,552	73,916	40,615	51,870	8,782	929,955	22,039,228
Carrying Amount											
As at 31 December 2022	20,870,559	9,436,775	-	44,578,358	7,739,935	94,593	30,837	66,652	8,264	844,698	83,670,671
As at 31 December 2021	18,581,906	8,157,534	-	25,574,184	4,778,088	38,509	9,187	38,876	-	1,883,134	59,061,418

15.1 Impairment losses recognised in the year

No impairment loss has been recognized during the year ended 31 December 2022 as none of the property, plant and equipment has suffered impairment (2021: Nil).

15.2 Assets pledged as security

NIPCO Plc's assets has been pledged as security with First Bank Nigeria Plc as at 31 December 2022.

15.3 Contractual Commitments

There is no other contractual commitment for the purchase of items of property, plant and equipment that has not been accounted for.

15.4 Details of valuation

The valuations of the property, plants & equipment were performed by an independent valuer, Knight Frank Nigeria FRC/2013/0000000000655 (Sunny Akpojobaga: FRC/2013/NIESV/000000000655). The fair value of the property, plants & equipment as at December 2022 for NIPCO Plc is ₦83 billion.

Carrying amount of PPE before revaluation journals

19,074,310	8,406,244	-	23,975,142	8,342,073	29,984	16,708	33,403	1,845,734	61,723,599
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NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

Group

16 Investment Property

	Land & building	Plant & equipment	Total
	₦'000	₦'000	₦'000
Cost			
As at 1 January 2022	10,689,352	22,466,686	33,156,038
Additions			
As at 31 December 2022	10,689,352	22,466,686	33,156,038
Depreciation			
As at 1 January 2022	2,687,745	14,982,728	17,670,473
Charge for the year	297,384	2,275,174	2,572,558
As at 31 December 2022	2,985,129	17,257,902	20,243,031
Carrying Amount			
As at 31 December 2022	7,704,223	5,208,784	12,913,007
As at 31 December 2021	8,001,607	7,483,958	15,485,565

16.1 Impairment losses recognised in the year

No impairment loss has been recognized during the year ended 31 December 2022 as none of the investment property has suffered impairment (2021: Nil).

16.2 Assets pledged as security

The company does not have any asset pledged as security for liabilities as at 31 December 2022 (2021:

16.3 Contractual Commitments

There is no other contractual commitment for the purchase of items of investment property that has not been accounted for.

16.4 Details of valuation

The company has five investment properties comprising of one office complex, and four residential properties. The extensive refurbishment of Mobil house was completed in 2017. The costs involved in the refurbishment have been capitalised and depreciation has started running on the assets created.

The valuations of the investment properties were performed by an independent valuer, Ismail and Partners Chartered Surveyors & Real Estate Consultants FRC/2019/00000013091 (Gbenga Ismail: FRC/2012/NIESV/00000000245). The fair value of the investment properties as at December 2022 was ₦204 billion.

There are no restrictions on the remittance of income and proceeds of disposal.

	2022	2021
	₦'000	₦'000
Rental income	8,224,994	7,866,401
Direct operating expenses	(2,580,938)	(2,581,207)
	5,644,056	5,285,194

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

Group

17 Right of Use Assets

	Land & building	Plant & machinery	Furniture & fittings	Total
Cost	₦'000	₦'000	₦'000	₦'000
As at 1 January 2022	2,941,749	351,615	87,904	3,381,268
Additions	171,679	109,344	27,336	308,359
Reclass to land	(128,642)	-	-	(128,642)
As at 31 December 2022	2,984,786	460,959	115,240	3,560,985
Depreciation				
As at 1 January 2022	863,188	138,806	34,702	1,036,696
Charge for the year	367,513	84,781	21,195	473,489
As at 31 December 2022	1,230,701	223,587	55,897	1,510,185
Carrying Amount				
As at 31 December 2022	1,754,085	237,372	59,343	2,050,800
As at 31 December 2021	2,078,561	212,809	53,202	2,344,572

Company

17 Right of Use Assets

	Land & building	Plant & machinery	Furniture & fittings	Total
Cost	₦'000	₦'000	₦'000	₦'000
As at 1 January 2022	439,519	351,615	87,904	879,038
Additions	136,680	109,344	27,336	273,360
As at 31 December 2022	576,199	460,959	115,240	1,152,398
Depreciation				
As at 1 January 2022	173,508	138,806	34,702	347,016
Charge for the year	105,976	84,781	21,195	211,952
As at 31 December 2022	279,484	223,587	55,897	558,968
Carrying Amount				
As at 31 December 2022	296,715	237,372	59,343	593,430
As at 31 December 2021	266,011	212,809	53,202	532,022

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
18 Goodwill				
Goodwill from 11 Plc	115,130,958	115,130,958	-	-
Goodwill from Capital Hotel Plc	4,009,774	-	-	-
	119,140,732	115,130,958	-	-
Impairment testing				
For the purpose of annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combinations in which the goodwill arises, and is compared to its recoverable value. As at the reporting date 31 December 2022, there were no indicators of impairment of goodwill in line with or in reference with IAS 36:12				
19 Capital Work-in-progress				
Opening balance	8,859,027	19,479,169	-	7,350
Additions	9,359,409	8,596,705	256,932	-
Re-alignment	-	194,854	-	-
Transfer to PPE	(4,403,215)	(19,411,701)	-	-
Reclass to PPE	(5,000,000)	-	-	-
Write-off	(0)	-	-	(7,350)
Carrying Amount	8,815,220	8,859,027	256,932	-
20 Intangible Assets				
Cost				
As at 1 January 2022	244,627	244,627	-	-
Additions	94,158	0	-	-
Write-off	(229,582)	-	-	-
As at 31 December 2022	109,203	244,627	-	-
Accumulated amortisation				
As at 1 January 2022	235,411	223,463	-	-
Charge for the year	5,541	11,948	-	-
Write-off	(229,582)	-	-	-
As at 31 December 2022	11,370	235,411	-	-
Carrying Amount	97,833	9,216	-	-
Intangible assets represent expenses incurred to acquire computer software, franchise and permits to facilitate the business operations of the group. All amortisation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.				
21 Investments				
Investments in subsidiaries	-	450,588	376,599	510,588
Other investments	474,197	-	160,000	-
	474,197	450,588	536,599	510,588

It is the group policy to account for its investments in subsidiary at cost less impairment. The reference to 'cost' includes an amount which applies to shares issued as consideration for the acquisition of a subsidiary. The cost is stated based on the nominal value of the shares issued rather than at fair value.

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
22 Other Long-Term Financial Assets				
Lease assets	77,596	57,870	77,596	57,870
Available for sale financial assets (i)	-	-	-	-
	77,596	57,870	77,596	57,870
Leased assets represent the cost of equipment bought for dealers station; recoverable from rebates.				
23 Inventories				
Finished products	7,287,133	9,975,793	3,315,642	4,870,896
Food & beverage	55,286	-	-	-
Raw materials	19,009,236	12,802,066	-	-
Consumable equipment and spares	231,759	173,612	-	-
	26,583,414	22,951,471	3,315,642	4,870,896
24 Prepayments				
24.1 Non-current				
Employee benefits	14,086	23,673	-	-
	14,086	23,673	-	-
24.2 Current				
Insurance	-	-	-	-
Rent -	98,287	102,032	49,685	54,831
Supplier	103,445	-	-	-
Trade	7,618,232	11,081,479	-	-
other prepaid expenses	20,064	19,921	18,278	19,921
	7,840,028	11,203,432	67,963	74,752
Prepayment comprises of operational expenses paid in advance.				
25 Trade and Other Receivables				
Trade receivable	32,041,697	29,662,737	19,159,684	14,864,775
Allowance for expected credit loss	(949,612)	(762,646)	(685,525)	(637,503)
	31,092,085	28,900,091	18,474,159	14,227,272
PPMC/NNPC	6,123,002	4,273,795	6,123,002	4,273,795
Throughput receivable	3,191,177	701,247	3,191,177	701,247
Intercompany receivables	-	-	110,984,350	123,431,920
Loans and advances	451,227	528,798	114,970	112,028
LC advances	22,309,982	-	22,309,982	-
Statutory receivables	1,689,967	953,024	74,676	51,137
Other receivables	6,631,111	4,245,012	5,727,484	1,730,298
	71,488,551	39,601,967	166,999,800	144,527,697
Due from related party - Capital Hotel Pic	377,556	-	-	-
Allowance for expected credit loss	(18,166)	-	-	-
	71,847,941	39,601,967	166,999,800	144,527,697

Trade and other receivables consist of items listed above and the carrying amount is at amortised cost. Withholding tax credit notes received is an advance payment of income tax which can be used to offset future income tax liability. It has no expiry date.

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
25.1 Intercompany receivables				
NIPCO plc from 11 plc	-	-	12,151,076	30,911,979
NIPCO plc from 11 Hospitality	-	-	107,531	5,433
NIPCO plc from 22 Hospitality	-	-	15,098,300	-
NIPCO plc from NIPCO Gas	-	-	(18,274,437)	(971,497)
NIPCO plc from NIPCO Investments	-	-	101,901,880	93,486,005
	-	-	110,984,350	123,431,920

Trade receivables

Trade receivables disclosed above are carried at amortised cost less allowance for impairment losses.

Invoices are due for payment as soon as they are raised except when customers are pre-billed or allowed an extended credit period. No interest is charged on the overdue receivables. The company has recognised a provision for expected credit loss of 100% against all receivables over 360 days because historical experience has been that receivables that are past due beyond 360 days are not likely to be recoverable. When trade receivable, or the oldest portion of an instalment or sales receivable, has been due for 450 days (15 months); it is assumed to be uncollectible and the entire receivable is written off.

Before accepting any new customer, the Company uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Credit limits are reviewed periodically by the Financial Controller.

Provision for expected credit losses

Provisions are made for expected credit losses on all receivables in order to reduce the Company's financial exposure to any losses on bad debts. There are no trade receivables which are past due at the reporting date against which an allowance has not been made. Allowance for credit losses are reversed if all amounts are recovered. The impairment recognized represents the difference between the carrying amount of these trade receivables and the amounts that are deemed recoverable by the Company. The company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Company to the counterparty.

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 reporting date.

	2022 N'000	2021 N'000	2022 N'000	2021 N'000
25.2 Provision for expected credit losses				
As at 1 January	(762,646)	(635,569)	(637,503)	(534,564)
Charge for the year	(186,966)	(127,077)	(48,022)	(102,939)
Balance as at 31 December	(949,612)	(762,646)	(685,525)	(637,503)
26 Cash and Cash Equivalents				
Bank balance	38,956,558	38,059,994	26,767,714	16,320,036
Cash in hand	34,694	59,728	33,039	53,203
Short term deposit	26,274,735	74,907	-	-
	65,265,987	38,194,629	26,800,753	16,373,239

Short-term deposits were placed based on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
27 Share Capital				
Issued and fully paid				
187,668,329 ordinary shares of N1 each.	187,668	187,668	187,668	187,668
The share capital of NIPCO Plc consist only of fully paid ordinary shares with a nominal value of N1 each.				
28 Share Premium	2,010,588	2,010,588	2,010,588	2,010,588
Proceeds received in addition to the nominal value of the shares issued have been included in share premium, less registration and other regulatory fees and net of related tax benefits.				
29 Other Components of Equity				
	Group	Subsequent acquisition of NCI	Actuarial reserve & others	Total
	N,000	N,000	N,000	N,000
Balance as at 1 January 2022	81,479,764	(5,500,875)	(791,335)	75,187,554
Remeasurement of net defined benefit liability			(24,442)	(24,442)
Loss on subsequent acquisition of NCI		(3,583,877)		(3,583,877)
Revaluation of PPE & CWP	49,038,088			49,038,088
Balance as at 31 December 2022	130,517,852	(9,084,752)	(815,777)	120,617,323
	Company	N,000	N,000	N,000
Balance as at 1 January 2022	49,692,304	-	(464,227)	49,228,077
Remeasurement of net defined benefit liability			(24,442)	(24,442)
Revaluation of PPE & CWP	21,947,073			21,947,073
Balance as at 31 December 2022	71,639,377	-	(488,669)	71,150,708
30 Borrowings				
30.1 Non-current				
Bank loans	29,577,251	27,059,993		
Corporate loans	29,016,062	38,335,324		
	58,593,313	65,395,317		
30.2 Current				
Bank loans	7,954,274	12,210,353	7,954,274	7,954,274
Short term bank overdraft	4,974,584	2,817,189	4,974,584	2,817,189
	12,928,858	15,027,542	12,928,858	10,771,463
31 Lease Liability				
Lease rental payable	94,594	105,679	94,594	105,679
	94,594	105,679	94,594	105,679

The lease liability relates to NIPCO Plc lease rental payable to dealers.

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Group		Company	
	2022 #'000	2021 #'000	2022 #'000	2021 #'000
32 Pension and Other Employee Obligations				
Defined benefit liability	1,137,935	1,092,284	1,137,935	1,092,284
	<u>1,137,935</u>	<u>1,092,284</u>	<u>1,137,935</u>	<u>1,092,284</u>

The current portion of these liabilities represents the company's obligations to its current and former employees that are expected to be settled during 2022. Other short-term employee obligations arise mainly from accrued holiday entitlement at the reporting date and expected pension payments in the next 12 months (without deduction of plan assets). As none of the employees are eligible for early settlement of pension arrangements, the remaining part of pension obligations for defined benefit plans is considered non-current.

Pension and other employee obligations

The plan assets are managed by a pension fund that is legally separated from the Group. The board of trustees of the pension fund is required by its articles of association to act in the best interest of the fund and it is responsible for setting the investment policies. The Group has no representation on the board of the fund.

The plan exposes the Group to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation

- Interest rate risk – The present value of the defined benefit liability is calculated using a discount rate determined by reference to market yields of high quality corporate bonds. The estimated term of the bonds is consistent with the estimated term of the DBO and it is denominated in naira. A decrease in market yield on high quality corporate bonds will increase the Group's defined benefit liability, although it is expected that this would be offset partially by an increase in the fair value of certain plan assets.
- Investment risk – The plan assets at year end are predominantly real estate, equity and debt instruments. The fair value of the plan assets is exposed to the real estate market in naira. The equity instruments are significantly weighted towards the finance and pharmaceuticals sectors in Nigeria.
- Longevity risk – The Group is required to provide benefits for life for the members of the defined benefit liability. Increase in the life expectancy of the members, particularly in Nigeria where the pension payments are linked to CPI, will increase the defined benefit liability.
- Inflation risk – A significant proportion of the defined benefit liability is linked to inflation. An increase in the inflation rate will increase the Group's liability. A portion of the plan assets are inflation-linked debt securities which will mitigate some of the effects of inflation.

The provision for gratuity of N1.13 billion (N1.09 billion for year 2021) are provision for post employment benefits. These balances were professionally valued by an Actuaries for the year ended 31 December 2022 as required by IAS 19.

A reconciliation of the Group's DBO and plan assets to the amounts presented in the statement of financial position for each of the reporting periods is presented below:

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
32.1 Defined Benefit Obligation				
Defined benefit obligation 1 January	1,092,284	1,009,951	1,092,284	1,009,951
Current service cost before deduction of beneficiary contributions	108,050	102,270	108,050	102,270
Interest expense	104,448	92,129	104,448	92,129
Changes in discount rate assumption	(307,349)	-	(307,349)	-
Changes in salary rate assumption	135,832	-	135,832	-
Remeasurement – actuarial losses from changes in financial assumptions	195,960	(26,286)	195,960	(26,286)
Benefit paid	(191,290)	(85,779)	(191,290)	(85,779)
Defined Benefit Obligation 31 December	1,137,935	1,092,284	1,137,935	1,092,284
Unfunded				
Wholly funded	1,137,935	1,092,284	1,137,935	1,092,284

32.2 Defined benefit plan

The company operates a staff gratuity scheme for all its confirmed staff. The scheme provides for gratuity benefits at exit of the staff as described below;

Years of service	Benefits
Less than 5 years	Nil
5 years and above	1 month gross salary for each year of service is at graduated rates depending on the age of employee and years of service

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 31 December 2022 by Giant Consultants Limited (Actuaries, Financial & Human Resource Consultant)

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. Defined benefit plan is not mandated by Nigerian law; it is a voluntary plan for the Company. NIPCO Plc manages the fund. The Defined Benefit Plan scheme is funded scheme.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Financial assumptions	2022	2021
Long term average		
Discount rate per annum	12%	9%
Average pay increase per annum	13%	11.5%
Inflation rate	13%	12.0%

The company assumes that salaries will increase at a real rate of 12% (2021 : 8%) per annum above inflation rate.

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Group		Company	
	2022 #'000	2021 #'000	2022 #'000	2021 #'000
33 Trade and Other Payables				
33.1 Non-current				
Trade payables	1,033,391	16,236,262	1,033,391	16,236,262
Deferred income	5,969,681	8,208,587	-	-
	7,003,072	24,444,849	1,033,391	16,236,262
33.1.1 Payables to related parties				
NIPCO Plc to Agric Chem	1,033,391	16,236,262	1,033,391	16,236,262
33.2 Current				
Trade payable	21,853,063	25,893,901	7,333,810	5,536,759
Contract liability	220,979	-	-	-
CHP/SAH current account	1,026,033	-	-	-
Customers deposit	30,450	26,134	30,450	26,134
Deferred income	12,149,005	6,808,601	11,217	12,100
Intercompany payables	-	-	22,675,198	21,561,780
Other payables	51,873,184	22,901,467	48,121,666	22,901,100
Payables to related parties	35,504,338	17,477,475	3,352,239	2,752,144
	122,657,052	73,107,578	81,524,580	52,790,017
33.2.1 Intercompany payables				
NIPCO plc to 11 plc	-	-	22,675,198	21,561,780
	-	-	22,675,198	21,561,780
33.2.2 Payables to related parties				
11 plc to Purebond	5,814,492	3,198,514	-	-
11 plc to Agric Chem	20,861,856	8,214,648	-	-
NIPCO Gas to Agric Chem	5,475,751	3,312,169	-	-
NIPCO Plc to Purebond	3,352,239	2,752,144	3,352,239	2,752,144
	35,504,338	17,477,475	3,352,239	2,752,144

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. No interest is charged on the trade payables. The company has financial risk management policies in place to ensure that all payables are settled within the pre-agreed credit terms.

The fair value of trade and other payables approximate its carrying amount.

34 Contract and Other Liabilities				
Dividend payables	50,067	-	-	-
Service charge payable	78,800	-	-	-
Statutory payables	2,003,881	2,116,223	536,456	672,335
Other liabilities	76,466,805	63,040,069	63,545,953	56,208,944
Unclaimed dividend	2,452,286	1,803,593	847,732	555,701
PEF payable	13,443,371	10,129,325	10,815,154	7,970,186
Professional fees payable	43,700	32,525	26,875	21,700
	94,538,910	77,121,735	75,772,170	65,428,866

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

35 Segment reporting

As at 31 December 2022, the Group had five reportable business segments:

- (i) Petroleum products marketing
- (ii) Compressed natural gas
- (iii) Liquefied petroleum gas business
- (iv) Hospitality services
- (v) Investment property services

	Petroleum products marketing #'000	Compressed natural gas #'000	Liquefied petroleum gas business #'000	Hospitality services #'000	Investment property services #'000	Total #'000
31 December 2022						
Revenue	690,961,854	11,752,616	133,412,012	14,123,114	-	850,249,596
Cost of sales	(651,723,099)	(5,318,159)	(112,421,767)	(2,259,627)	-	(771,722,652)
Operating expenses	(33,409,389)	(10,510,235)	(6,450,738)	(9,038,214)	(2,580,938)	(61,989,514)
Other income	8,158,752	1,409,210	-	-	8,224,994	17,792,956
Finance income	2,208,935	-	-	-	-	2,208,935
Finance cost	(5,533,264)	(1,284,411)	(1,068,371)	-	-	(7,886,046)
Profit before tax	10,663,789	(3,950,979)	13,471,136	2,825,273	5,644,056	28,653,275
Taxation	(6,133,791)	(3,468,679)	-	461,522	(1,898,632)	(11,039,580)
Profit after tax	4,529,997	(7,419,658)	13,471,136	3,286,795	3,745,424	17,613,695

31 December 2021

	#'000	#'000	#'000	#'000	#'000	#'000
Revenue	440,273,038	8,914,497	98,110,578	4,052,081	-	551,350,194
Cost of sales	(423,628,879)	(5,489,901)	(78,042,257)	(478,198)	-	(507,639,236)
Operating expenses	(29,136,352)	(8,108,888)	(883,317)	(4,731,958)	(2,581,207)	(45,441,721)
Other income	4,078,020	1,877,666	-	-	7,866,401	13,822,087
Finance income	1,080,163	-	-	-	-	1,080,163
Finance cost	(2,452,102)	(556,640)	-	-	-	(3,008,742)
Profit before tax	(9,786,113)	(3,363,265)	19,185,004	(1,158,075)	5,285,194	10,162,745
Taxation	(3,632,627)	1,083,804	-	-	(1,915,686)	(4,464,509)
Profit after tax	(13,418,740)	(2,279,461)	19,185,004	(1,158,075)	3,369,508	5,698,236

There is no disclosure of the profit for the period, depreciation and amortisation, assets and liabilities for each operating segment because management based its performance assessment on the gross margin from each operating segment and assets and liabilities of the Company are not directly related to a segment.

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

36 Related Party Transactions

The Group's related parties include its ultimate parent, subsidiaries, sub-subsidiaries, other corporate entities, and key management personnel. Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
36.1 Ultimate controlling party - Purebond Limited	9,166,731	5,950,658	3,352,239	2,752,144
36.2 Related Company - Agri Chemical Limited	27,370,998	27,763,079	1,033,391	16,236,262
36.3 Transactions with subsidiaries				
NIPCO Investments Limited	-	-	101,901,880	93,486,005
NIPCO Gas Limited	-	-	18,274,437	971,497
22 Hospitality Limited	-	-	15,098,300	-
36.4 Transactions with sub-subsidiaries				
11 Plc	-	-	10,524,122	(9,350,199)
22 Hospitality Limited	-	-	-	-
11 Hospitality Limited	-	-	107,531	5,433

36.5 Key management personnel

The directors (both executive and non-executive) and key management personnel are

Chief (Dr) Bestman P. Anekwe	Chairman
Suresh Kumar	MD/CEO
Alhaji Abdulkadir Aminu (Sarkin Hurmi Adamawa)	Group Executive Director
Chiranjibi Roka	Chief Operating officer

The table below shows the number of Directors of the Company (excluding the Chairman) whose emoluments during the year, excluding pension contributions, fell within the bands shown below:

Employees	Group		Company	
	2022 Number	2021 Number	2022 Number	2021 Number
N2,000,000 – N5,000,000	2	2	2	2
N6,000,000 and above	1	1	1	1
	3	3	3	3

Remuneration of key management personnel

The remuneration of the Directors, who are the key management personnel of the Company, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Group		Company	
	2022 N'000	2021 N'000	2022 N'000	2021 N'000
36.5.1 Directors				
Fees	49,400	208,875	26,100	23,700
Chairman	12,000	12,000	12,000	12,000
Highest paid director				

NIPCO PLC

NOTE TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

37 Commitments and Contingencies

The directors believe all known commitments and liabilities which are relevant in assessing the Company's state of affairs have been taken into consideration in the preparation of these financial statements.

38 Events After The Reporting Date

There are no significant events after the reporting date which could have a material effect on the state of affairs of the Company as at 31 December 2022 that have not been adequately provided for or disclosed in the financial statements. However, the Coronavirus (Covid-19) outbreak caused significant disruption to the society and is still impacting the Company, its employees and customers.

On the business operations, adequate continuity plans have been put in place to address all business needs as much as feasible in line with various government regulations/restrictions and Customers requirement and essential employees for meeting up with the operational needs have been adequately equipped, instructed and provided with relevant protective tools and with the availability of vaccine, we are hopeful of accelerated economic revival.

39 Authorization of Financial Statements

The financial statements for the year ended 31 December 2022 were approved by the board of directors on **26 June 2023**.

OTHER NATIONAL DISCLOSURES