



# GROUP Annual Report 2023





## **Our Vision**

**To be the first choice company in the Oil & Gas industry to all stakeholders.**

## **Our Mission**

**NIPCO PLC is committed to meeting the needs of all stakeholders in the downstream sector of the oil and gas industry by providing quality services in petroleum product storage and handling in an environment that is friendly, safe and dignifying.**



**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

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**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**BOARD OF DIRECTORS, PROFESSIONAL ADVISERS, ETC.**

**Registration Number:** RC 399339

**Tax Identification Number (TIN)** TIN 01622955-0001

<b>Board of Directors:</b>	<b>Designation</b>	<b>Nationality</b>
Chief (Dr) Bestman P. Anekwe	Chairman	Nigerian
Suresh Kumar	Managing Director	Indian
Alhaji Abdulkadir Aminu (Wali 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 Sani Yau	Non-Executive Director	Nigerian
Grace O. Idowu (Mrs.)	Non-Executive Director	Nigerian
Ramesh Kansagra	Non-Executive Director	British
Rishi Kansagra	Non-Executive Director	British
Tunji Adeniji	Non-Executive Director	Nigerian

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

**Company Secretary:** Paul Chukwuma Obi

**Independent Auditors:** Ngozi Monica Okonkwo & Co  
(Chartered Accountants)  
9 Oremeta Street,  
Off Opebi Link Bridge,  
Oregon,  
Lagos State.

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

**Bankers:** Access Bank Plc  
First Bank of Nigeria Limited  
Guaranty Trust Bank Plc  
Zenith Bank Plc  
Zenith Bank (UK) Limited

**NOTICE OF ANNUAL GENERAL MEETING  
FOR THE YEAR ENDED 31 DECEMBER, 2023**

**NOTICE IS HEREBY GIVEN** that the 20th Annual General Meeting of members of NIPCO PLC will be held at the Ladi Kwali Hall of ABUJA CONTINENTAL HOTELS (formerly Sheraton Hotels, Abuja), 1, Ladi Kwali Way, Maitama, Abuja on the 7th of August, 2024 at 12noon to transact the following business: -

**ORDINARY BUSINESS:**

1. To lay before the members, the Audited Financial Statements, the Reports of the Directors, Report of Auditors and Statutory Audit Committee thereon;
2. To declare a Dividend;
3. To authorize the Directors to fix the remuneration of the External Auditors for the 2023 financial year;
4. To disclose the remuneration of the Managers
5. To elect / re-elect Directors;
6. To elect / re-elect members of the Statutory Audit Committee;

**SPECIAL BUSINESS:**

To consider and if thought fit, pass the following resolutions as ordinary resolutions of the Company:

7. To fix the remuneration of the Directors;
8. To appoint Messrs Ngozi Monica Okonkwo & Co. as the external auditor of the Company;

**NOTES:**

**A. PROXY: -**

A member of the company who is entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote in his/her/its stead. A proxy need not be a member of the company. A blank form is attached to this Annual report. For the appointment of a proxy to be valid for the AGM, a duly completed Proxy Form must be received in the office of the Company's Registrars, Coronation Registrars Limited, at 009, Amodu Ojikutu Street, off Bishop Oluwole Street, Victoria Island, Lagos or sent to [info@coronationregistrars.com](mailto:info@coronationregistrars.com) not later than 48 hours before the time for holding the meeting. The Company has made arrangements to bear the cost of stamp duties on the instruments of proxy.

**B. DIVIDEND AND CLOSURE OF REGISTER:**

If the dividend recommended by the Directors is approved, those shareholders whose names are registered in the Register of Members at the close of business on July 10, 2024 shall have their designated bank accounts credited directly on August 8, 2024. Notice is hereby given that the Register of Members and Transfer books will be closed from July 12, 2024 to July 16, 2024 (both days inclusive) to enable preparation and payment of dividend by the Registrars.

**C. NOMINATION FOR THE AUDIT COMMITTEE:**

The Audit Committee consists of three shareholders and two Directors. In accordance with section 404(6) of the Companies and Allied Matters Act, 2020, any Shareholder may nominate another Shareholder as a member of the Audit Committee by giving in writing, notice of such nomination to the Company Secretary at least 21 days before the date of the Annual General Meeting (such nomination should include a short bio-data of the nominee).

The National Code of Corporate Governance, 2018 (NCCG, 2018) stipulates that members of the Audit Committee should have basic financial literacy and should be able to read the Financial Statements.

**D. E-DIVIDEND:**

Notice is hereby given to all shareholders to open bank accounts for the purpose of dividend payment. A detachable e-dividend payment mandate and change of address form is attached to the Annual Report to enable shareholders furnish particulars of their bank and CSCS Accounts numbers to the Registrar.

**NOTICE OF ANNUAL GENERAL MEETING  
FOR THE YEAR ENDED 31 DECEMBER, 2023**

**E. UNCLAIMED DIVIDEND:**

A number of dividends have remained unclaimed; Shareholders who are yet to claim their outstanding dividends are advised to contact the Company Secretaries or the Registrars, Coronation Registrars Limited, 009, Amodu Ojikutu Taylor Street, off Bishop Oluwole Street, Victoria Island, Lagos.

**F. RIGHT OF SHAREHOLDERS TO ASK QUESTIONS:**

Shareholders have a right to ask questions not only at the meeting, but also in writing prior to the meeting and such questions must be submitted to the Company on or before July 24, 2024.

**G. ELECTRONIC ANNUAL REPORT:**

The soft copy of the 2023 Annual Report is on our website and also sent to our shareholders who have provided their email addresses to the Registrars. Shareholders who are interested in receiving the soft copy of the 2023 Annual Report should request via email to: [info@coronationregistrars.com](mailto:info@coronationregistrars.com)

**H. STREAMING:**

The Annual General Meeting will be streamed live via the Company's website: <https://www.nipcoplc.com>. This will enable shareholders who will not be attending the meeting physically to be part of the proceedings. The link for live streaming can be found on the Company's website

**I. SUBMISSION OF TAX IDENTIFICATION NUMBERS:**

The company has been unable to remit the Withholding Tax on Dividends on behalf of Shareholders to the Federal Inland Revenue Service [FIRS]. All Shareholders are therefore by this medium requested to submit to the office of the Company Secretaries their Tax Identification Numbers [TIN NOS.] for purposes of remittance of same to the FIRS.

Dated this 26th June, 2024

**BY THE ORDER OF THE BOARD**



**Paul Chukwuma Obi Esq.  
COMPANY SECRETARIES  
FRC/2014/NBA/00000009234**



## FINANCIAL HIGHLIGHTS

	Group			Company		
	2023 ₦'000	2022 ₦'000	Change %	2023 ₦'000	2022 ₦'000	Change %
Revenue	1,243,549,483	850,249,596	<b>46</b>	780,079,582	461,264,956	<b>69</b>
Profit Before Taxation	37,530,502	28,653,275	<b>31</b>	9,620,211	10,972,030	<b>(12)</b>
Taxation	(8,191,929)	(11,039,580)	<b>(26)</b>	(4,411,989)	(2,698,662)	<b>63</b>
Profit After Taxation	29,338,573	17,613,695	<b>67</b>	5,208,222	8,273,368	<b>(37)</b>
Total Comprehensive Income	29,757,852	63,043,464	<b>(53)</b>	5,072,097	30,195,999	<b>(83)</b>
Earnings per Share (₦)	156.33	93.86	<b>67</b>	27.75	44.09	<b>(37)</b>
Dividend per Share (₦)	-	-	-	5.00	5.00	-
Total Assets	643,339,829	519,637,080	<b>24</b>	374,286,204	282,319,386	<b>33</b>
Total Liabilities	435,847,673	315,660,105	<b>38</b>	280,967,114	175,968,829	<b>60</b>
Issued and fully paid share capital (Units)	187,668	187,668	-	187,668	187,668	-

## MANAGING DIRECTOR'S SPEECH



M. Suresh Kumar  
Managing Director

### **TWENTY-TWENTY THREE – A CHALLENGING BUSINESS YEAR THAT UNDERSCORES OUR COMPANY'S STRENGTH, RESILIENCE AND TRADITION**

#### **Statement by Managing Director/CEO NIPCO PLC, Mr. Suresh Kumar, at 2023 Annual General Meeting of the company held at Abuja Continental Hotel**

I am delighted to welcome you to the 20th Annual General Meeting of your Company which bears a lot of significance year in the history of our organisation. Today's event is therefore yet another turning point in the annals of NIPCO PLC and indeed in respect of the company's continuous drive to meeting the yearnings and aspirations of its promoters.

As you are aware, the yearly meeting provides an avenue for us to share our collective experiences on our company whose activities are rooted solidly on the nation's Oil and Gas industry.

#### **INDUSTRY OVERVIEW**

2023 was very challenging for the nation's downstream sector in many ways especially being an election year with politicking taking better part of the period. The first six months went into electioneering campaigns, political parties primary elections to select candidates to represent them in state and national elections, inauguration of newly elected leaders at the states and federal level, are all part of the features that characterized the year.

There is no gainsaying that May 29, 2023 witnessed the swearing in of Senator Bola Ahmed Tinubu as the democratically elected President of the country. In his inauguration address two key issues with direct effect on the industry were laid bare; removal of subsidies on Premium Motor Spirit popularly referred to as petrol and abolition of dual exchange rate for the national currency – Naira, both policies with overreaching implications to our industry.

## MANAGING DIRECTOR'S SPEECH

While the removal of subsidy on petrol is a bold political decision by the President, nonetheless also came with unintended tendencies at least at the interim. This in effect informed government and (NNPC) to sign a strategic partnership with NIPCO Gas Limited to facilitate the establishment of Compressed Natural Gas (CNG) stations nationwide. The primary objective of the collaboration is to expand the existing CNG infrastructure, ensure greater accessibility to CNG while accelerating the adoption of this cost-effective and environmentally friendly fuel for buses, cars and Keke Napeps, among others.

It is worthy to note that the NNPC – Nipco Gas Limited partnership is expected to facilitate the following:

- \* Boosting the establishment of 35 cutting edge CNG stations.
- \* Establishment of three (3) flagship mother stations, which will have the capacity to cater for the needs of over 200,000 vehicles daily, making a significant dent on automobile fuel expenses and transportation costs for the Nigerian populace.
- \* The setting up of 21 CNG stations intra city transportation to be operated by Q1 / 2024
- \* The construction of 35 CNG stations to boost inter - city transportation will be operational by late 2024 as part of the secondary face of the project.
- \* A deployment of additional 56 stations by NNPC Retail nationwide.

### COMPANY PERFORMANCE

Your Company has continued to sustain its growth potentials showing resilience despite the challenging operating environment characterised by the foreign exchange volatility rising inflation, fluctuating petroleum prices in the international market. We remain focus on quality service delivery in all our business lines to continually deliver good profits and value for our shareholders.

In the gas sector, we have continued to play an enviable role in the nation's quest to effectively harness its abundant gas resources. Our exploits in the gas sector has been phenomenal since we diversified following our inauguration of our LPG plant in 2009, as well as the company's massive

entry into natural gas distribution subsector.

We have broadened our spread in the LPG sector to several states of the country through our massive skid deployment and other ancillary infrastructure to enhance access to the product at market friendly rates. Our LPG penetration across the country grew to over 70 outlets in 2023 with the prospects of reaching 100 in 2024.

NIPCO Gas Limited (NGL), a wholly owned subsidiary of the Company is currently expanding its CNG stations footprint across Nigeria in partnership with NNPC. Presently, NIPCO Gas Limited oversees a network of 15 operational CNG stations strategically located across Nigeria. It also commissioned a CNG Mother facility at Oron, Akwa Ibom State. The facility will support auto CNG requirements for Daughter - Booster Stations in the South - South part of Nigeria.

NGL has accomplished the seamless conversion of over 7,000 vehicles to operate on CNG. NIPCO's technical competence and field experience is expected to bolster the renewed vigor on CNG adaptation and amplify its positive impact on the nation's economy.

NIPCO Gas has remained a leading energy company committed to delivering reliable and sustainable energy solutions to communities across Nigeria. With a focus on innovation and environmental responsibility, NIPCO Gas strives to be a catalyst for positive change in the energy sector, promoting cleaner alternatives such as AutoCNG to contribute to fully contribute to a greener and more sustainable future.

### WHITE OILS

Your company's growth trajectory in white oils products marketing was phenomenal in 2023 with about 250 branded outlets in operation. Acquisition of stations in the year under review was very significant as the company recorded the highest number outlets during the year.

### HUMAN CAPITAL

The dedication and unwavering commitment the workforce has demonstrated over the years, which has set the Company apart as a trailblazer

## MANAGING DIRECTOR'S SPEECH

in the Nigerian downstream sector is highly commendable. The employees have been very supportive and their contribution to the seamless operations of the organisation is a thing of joy to the management. As a segment of the key publics of NIPCO PLC, management will continue to ensure our workers get the best and their welfare will continue to be a priority. It is pertinent to note that our staffs are behind the scenes making the dream of our promoters come to fruition. They go above and beyond their normal call of duties to ensure our customers are well satisfied. They are the engine room driving the wheel of our successes and the accolades we have received in almost two decades of our operations.

### **CORPORATE SOCIAL RESPONSIBILITY**

In all our years of operations, we have stayed committed to our CSR pillars - sports promotion, schools facility upgrade, environment upkeep, etc.

Our involvement in corporate social investment has won us several awards in and around our host communities and statewide.

We will continue in this path of honour as a socially responsible corporate organisation offering needful assistance to the society.

### **OUTLOOK**

The uniqueness of our business models in almost two decades of our operations and sound practices that guide day-to-day activities are the essential principles which have mainly accounted for our strong business fundamentals. These principles will be adhered to in 2024.

We will avail ourselves of every opportunity to improve our service deliverables to our customers even as we make conscious efforts to optimize shareholders value of their investments.

We remain committed to providing our customers with superior services through constant deployment of world class equipment in line with our vision to be the first choice Company in the Oil and Gas industry to all stakeholders.

The company shall continue to bolster its investment in the hydrocarbon industry and without doubt remain a key partner with Federal

Government in providing alternative to petrol as auto fuel via CNG use.

The company's investments in infrastructure to ensure the widespread availability of CNG across the country will be given renewed vigor. This is premised on the positive impact that increased CNG adoption would have on both the environment and the Nigerian economy.

Your company will deepen its use of technology and accelerate digital transformation. The end result will be greater convenience for our customers and stakeholders alike

Conclusively, we are upbeat of the meaningful growth trajectory in all our lines of business in 2024 and beyond.

### **APPRECIATION**

I wish to seize this rare opportunity to thank the leadership of our great nation for the continuous drive and sheer determination to build the economy. I am immensely thankful to the President, Commander-In-Chief of the Nigerian Armed Forces, Ahmed Bola Tinubu, GCFR for his policies on the hydrocarbon industry development; the two ministers of state - Hon Heineken Lokpobiri (Petroleum) and Hon Ekperikpe Ekpo (Gas) for the teamwork in the implementation of the policies. The President's commitment to removing all cobwebs and anti-investment impediments in the oil and gas industry is equally very apt.

My thanks also go to our staff and Management for their high spirit and devotion through teamwork in providing outstanding service to our stakeholders. They have remained faithful and focused, making it much easier to deliver all our promises to shareholders.

Special accolades go to the Board for their trailblazing leadership and support which have helped us move the Company to an enviable position in the industry.

Kind regards

**Suresh Kumar**  
**Managing Director / CEO**

## CHAIRMAN'S SPEECH



**Chief (Dr.) Bestman P. Anekwe,**  
Chairman

### **CAUSE FOR CHEERS AS A REWARDING 2024 BUSINESS YEAR BECKONS DESPITE THE CHALLENGES OF PAST YEAR**

Being the Report by the Chairman, Board of Directors, NIPCO PLC, Chief (Dr.) Bestman Anekwe at the Annual General Meeting of the Company.

Distinguished shareholders, Members of the Board of Directors, Ladies and Gentlemen, it is with profound delight that I welcome you to the 20th Annual General Meeting of our great company, NIPCO Plc. Your presence here today has again demonstrated your unwavering commitment to the growth of NIPCO Plc vis a vis its operations over the years.

My address seeks to present the performance of the company in the year ended 31st December, 2023 as well as offers projections for the organization for 2024. However, I seek your indulgence to begin the report with a review of the Oil & Gas industry in the country in recent times.

#### **2023 IN RETROSPECT**

As the year 2023 beckoned, the focus of a large majority of Nigerians was on the upcoming 2023 general elections ultimately marked the end of the previous governments and officially ushered in a new administration in many of the states and at the Federal level. At the Federal level, it officially ushered in the new administration of President Bola Ahmed Tinubu who was officially inaugurated as the President of the Federal Republic of Nigeria on the 29th of May, 2023.

The emergence of the new administration has significantly impacted the nation's hydrocarbon Industry. Perhaps more significantly, many Nigerians eagerly anticipated the position to be taken by the new administration on the removal of subsidy on the sale of Premium Motor Spirit otherwise called petrol, in addition to a number of other critical development including but not limited to the start of operations at the

## CHAIRMAN'S SPEECH

Dangote oil refinery, the revitalization of the Nigeria's national refineries, the enactment of a new electricity legislation, the implementation of the Nigerian Energy Transition Plan (ETP) and other important issues in the Industry. The Presidential Compressed Natural Gas Initiative (PCNG Initiative) was set up in the third quarter of 2023 as part of the Government's broader policy initiatives to deepen gas utilization and reduce dependence on refined petroleum products. For Nigeria, CNG has the potential to play a key role in Nigeria's energy transition, being a cleaner energy source and a cost-efficient alternative to PMS.

In driving the initiative, NNPC Limited has announced partnerships with companies such as Nipco PLC for CNG delivery to Nigerians. The collaboration aims to establish 35 state-of-the-art CNG stations nationwide, catering to over 200,000 vehicles daily. Strategic partnerships like this align with the broad goal of the PCNG Initiative to provide over 11,500 new CNG-powered vehicles (and over 1 million CNG-powered vehicles by 2027) as well as 55,000 CNG conversion kits for existing PMS dependent vehicles). However, the PCNG initiative is not without drawbacks such as the significant capital investment required and extant infrastructure deficit, more investors activities are anticipated in the CNG space in 2024 as Nigeria joins the league of African nations like Egypt, that ride on CNG in charting a sustainable energy future.

Despite the improved production levels towards the end of the year under review, the country failed to meet the Organization of Petroleum Exporting Countries (OPEC) output quota of 1.74million bpd during the year. At its last meeting, OPEC resolved to adjust the output figure, noting that Nigeria can reach a production level of 1.5 million bpd by 2024. Following the oil cartel's remark, Mr. Heineken Lokpobiri the Minister of State for Petroleum Resources (OIL), said the country is on track to surpass the oil production quota projected by OPEC. With no end in sight to the Russia-Ukraine crisis, it is expected that the West will continue to explore further investments in oil and gas producing countries in Africa and the Gulf to bump up production levels to meet increasing energy needs.

Another development that came to the fore in 2023 is the completion of phase one of the Port Harcourt refinery. The Federal Government had promised that the facility would begin operations by December, 2023 after numerous completion deadlines. However, on the 21st of December, 2023, NNPC Limited announced the completion of the mechanical and flare-up phase of the refinery. The development implied that the fixing of the refinery's equipments and systems had been completed. The 650,000 bpd capacity of the Dangote Refinery Petrochemical Limited was inaugurated by former President Muhammadu Buhari in May 2023. However, refining activities were yet to fully commence in the year under review.

### OIL AND GAS OUTLOOK -2024

Nigeria, Africa's largest oil producer, has long relied on crude oil to fuel its economy. However, recent years have seen a decline in global oil prices and production challenges, impacting the nation's economic growth. However, It is projected that the economy will remain on a growth trajectory, supported by improvement in the oil sector amid the government's ongoing efforts to curb pipeline vandalism and oil theft and, gradual recovery from the impact of policy reforms implemented in the previous year, as well as continued resilience in the services sector.

Year 2024 could offer a glimmer of hope with stakeholders suggesting a combination of increased drilling, local petroleum products refining, gas commercialization, and the completion of the Ajaokuta - Kaduna - Kano Gas Pipeline project, all pointing to ways oil can once again jump-start Nigeria's economic engine.

The security challenges that have faced the oil and gas industry remain an area of major concern for both the government and other stakeholders. The ability of the government to bring the situation under control will go a long way to affect crude oil production output. As regards product refining in-country, there is hope as the Dangote Refinery with 650,000 barrels capacity is expected to come on stream by the first half of 2024. This is expected to be the game changer in the downstream sector of the petroleum industry. The government's refineries based in Port Harcourt and Warri are also expected to start production before the end of

## CHAIRMAN'S SPEECH

2024 as the mechanical completion of Port Harcourt's 60,000 barrels refinery was completed in December, 2023 and that of Warri Refinery is expected to come on stream by the first quarter of 2024.

It is apparent that before the refineries come on stream, the downstream sector will experience a lot of challenges as NNPC Limited remains the only effective importer of PMS (Premium Motor Spirit) which will affect the distribution network for supply. Lack of foreign exchange remains the greatest challenge to oil marketers, and because of this, the oil marketers rely heavily on NNPC Limited for petroleum products. It is very imperative for domestic refineries, both existing and new ones to come into operation and enable the country save foreign exchange on petrol imports and transit to exports. This will also allow for stability in fuel prices to some extent. However, we can only achieve this if we remain on course with the liberalization of the sector. The government must ensure the completion of the existing refineries and support new refineries, including Dangote Refinery to ensure early commencement of operations.

The 2024 Outlook is going to be a mixture of grim and bright. To achieve anything meaningful in 2024 will rest severely on the shoulders of the government and how its policies can enable the economy as a whole to thrive.

### OPERATING RESULTS

In the year under review, the company's turnover stood at **₦780b** representing an improvement of **69%** over the preceding year. For 2023, the Profit after Tax (PAT) stands at **₦5.208b** representing a decrease of **37%** over 2022 performance. The Profit before Tax (PBT) decreased from **₦10.972b** in 2022 to **₦9.620b** in 2023 showing a percentage decrease of **12.32%** over the 2022 figures. We are therefore proposing a dividend of **₦5:00k** per ordinary share of **50k** amounting to **₦938.3m** to the shareholders for approval. We look forward to lots of potential in the industry in view of the strategic investments the company has made especially in the realm of gas infrastructure. We are optimistic that as our full potential come to fruition, we will create new pathways for our long term growth and attain great heights to deliver consistent result to our esteemed investors.

### CONCLUSION

Despite the mounting challenges in the industry, NIPCO was able to grow its revenue, improve on cost management and continued to position itself as a reference organization. Today we have a good balance sheet, exemplary service delivery and a team of dedicated workforce to pursue the ideals of the company and take it to the next level. Two main challenges however remain key to our positive performance in 2024 namely products availability and Foreign Exchange availability to meet up the products needs of our customers. We would need to chart more proactive measures to surmount the challenges which remain crucial to our continued business endeavours. Let me underscore that these challenges, though daunting, present an opportunity for the company to reaffirm its commitment to the vision of its promoters to be the first choice company in the Oil & Gas industry. I am confident that with the sheer resolve and determination of the Board and Management, we will navigate the challenges before us and chart a course for a resounding growth pattern for your company.

### APPRECIATION

I am indeed seeing the quality of the leadership with their different innovations and willingness to move the organization forward. Once again I commend the management team for the resilience and determination with which they are steering the ship of the Company, I have never been more confident that NIPCO Group is in good hands.

I would also like to appreciate the collective efforts of all our staff, whose passion and diligent service have contributed immensely to our continuous splendid performance. I also appreciate our numerous customers spread across the country for their unalloyed patronage. To my esteemed colleagues in the Board, your vision and exemplary leadership have ensured we remain on course in the pursuit of our corporate goals and objectives. In closing, I would like to thank all our stakeholders including regulatory agencies for their unwavering support and understanding throughout the year.

**Chief (Dr.) Bestman Anekwe**  
**Chairman, Board of Directors**  
**NIPCO PLC**

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The Directors submitted their report together with the audited consolidated financial statements for the year ended 31 December 2023, 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 authorized share capital of 1,000,000 ordinary shares of 1.00 each. The Company's authorised share capital was subsequently increased to 300,000,000 ordinary shares of 1.00 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), Natural Gas (NG), Leasing of investment property 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 2023, 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	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
<b>Revenue</b>	<b>1,243,549,483</b>	<b>850,249,596</b>	<b>780,079,582</b>	<b>461,264,956</b>
Profit before tax	37,530,502	28,653,275	9,620,211	10,972,030
Tax expense	(8,191,929)	(11,039,580)	(4,411,989)	(2,698,662)
<b>Profit for the year</b>	<b>29,338,573</b>	<b>17,613,695</b>	<b>5,208,222</b>	<b>8,273,368</b>

### Directors

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

		<b>Nationality</b>
Chief (Dr) Bestman P. Anekwe	Chairman	Nigerian
Suresh Kumar	Managing Director	Indian
Alhaji Abdulkadir Aminu (Wali Adamawa)	Group Executive Director	Nigerian
Ramesh Virwani	Non-Executive Director	Indian
Tunji Adeniji	Non-Executive Director	Nigerian
Ramesh Kansagra	Non-Executive Director	British
Alhaji Habu Jajire	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 section 301 of the Companies and Allied Matters Act 2020 are:

Directors	Year 2023		Year 2022	
	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 (Wali Adamawa)	87,500	0.05%	87,500	0.05%
Alhaji Habu Jajire	100,000	0.05%	100,000	0.05%
	<b>975,000</b>	<b>0.52%</b>	<b>975,000</b>	<b>0.52%</b>
<b>Total unit of shares</b>	<b>187,668,329</b>		<b>187,668,329</b>	

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

### **Substantial Interest in Shares**

According to the Register of Members, no one person or organisation other than Purebond Ltd held more than 5% of the issued share capital of the Company as at 31 December 2023.

### **Analysis of Shareholding**

The issued and fully paid-up share capital of the Company is 187,668,329 divided into 187,668,329 ordinary shares of 1.00 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 1.00 each representing 64% of the issued share capital of the Company.

The shareholding range analysis as at 31 December 2023 is as shown below;

<b>Beginning Range</b>	<b>Ending Range</b>	<b>Total Shareholders</b>	<b>Units</b>	<b>% of Shareholding</b>
1	100,000	1090	27,791,512	14.81%
100,001	500,000	73	17,231,851	9.18%
500,001	1,000,000	15	12,193,618	6.50%
1,000,001	and Above	7	130,451,348	69.51%
		<b>1,185</b>	<b>187,668,329</b>	<b>100.00%</b>

### **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 the Securities and Exchange Commission, the Company makes disclosure of the remuneration paid to its Directors as follows:

<b>Type of Package</b>	<b>Description</b>	<b>Timing</b>
Basic salary	It is part of the gross salary package for Executive Directors only.	Paid during the financial year.
Allowances	It is part of the gross salary package for Executive Directors only.	Payable at periodic intervals
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 2023 (2022: 5.00).

### **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 3 sub-subsidiaries (11 PIC, 22 Hospitality Limited and 44 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 natural gas (compressed natural gas (CNG) and piped natural gas (PNG)), investment activities, leasing of investment property, hotel services and buying, storing, selling and marketing of petroleum products and liquefied petroleum gas (LPG).

### **Donations and Charitable Gifts**

Donations of 34,000,750 were made to Health and Education in 2023 (2022: 25,285,608).

### **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.

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

### 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, 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 for communication with employees along 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.

### 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.

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

- **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"), 1977, the U.K. Bribery Act, 2010 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.

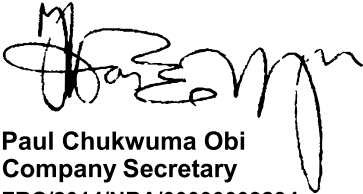
**Gifts and Hospitality**

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.

**Independent Auditors**

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

**BY ORDER OF THE BOARD**



**Paul Chukwuma Obi  
Company Secretary**

**FRC/2014/NBA/00000009234**

## SUSTAINABILITY REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

NIPCO Plc has chosen not to early adopt IFRS S1 and S2, however, continuing success of the Company is hinged on its commitment to a culture of conducting its business in a sustainable manner, hence the disclosure below.

NIPCO Plc takes 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.

## SUSTAINABILITY REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

### 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.

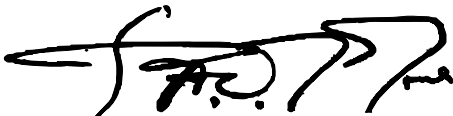
### d. Supply Chain

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 2023

### Principal Risks and 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.

**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

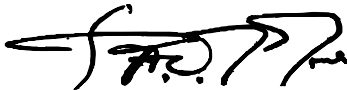
**Credit Risk**

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 rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Company's 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/IODN/00000009238



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

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

### 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 2023, 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 Directors 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.

Employees 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 Directors. 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's 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 and 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.

## **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

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.

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 2023 in agreement with the Committee Chairmen and each Committee member. The assessment covered a number of areas, including the roles 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 of 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 2023 is available for inspection at the Annual General Meeting.

Directors	Date of Meetings			
	18-Jan-23	26-May-23	15-Aug-23	16-Aug-23
Chief (Dr) Bestman P. Anekwe	P	P	P	P
Suresh Kumar	P	P	P	P
Alhaji Abdulkadir Aminu (Wali 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	A	A	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").

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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:

- 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](mailto:info@nipcopl.com). Our approach to breach management is embedded in the global NIPCO Plc Ethics and 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 the 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 and Compliance  
Head, Human Resources  
Company Secretary

### 9 Internal Control and 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.

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

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.

### 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 ensure 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:

**CORPORATE GOVERNANCE REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**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.

**18 The Audit Committee**

The Audit Committee is composed of five members made up of three shareholders' representatives elected at the 2022 Annual General Meeting for a tenure of one year until the conclusion of the 2023 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.

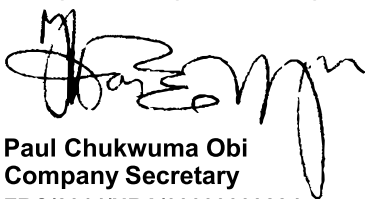
**Members of Audit Committee**

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

Members	Date of Meetings	
	19-Jan-23	19-Jun-23
Alhaji Aminu Adamu	P	P
Mrs. Grace O. Idowu	P	P
Mr. Ramesh Virwani	P	P
Mr. Joseph Igbinigie	P	P
Mrs. Ngozi Aniemena	P	P

**Attendance Keys**                      P - Present                      A - Absent

**BY ORDER OF THE BOARD**



**Paul Chukwuma Obi**  
Company Secretary  
FRC/2014/NBA/00000009234

## CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

### Complaints Management Policy

The Complaint Management Policy of NIPCO Plc has been prepared pursuant to the requirements of the Securities and 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 them.

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

## **CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2023**

- 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.

### **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**

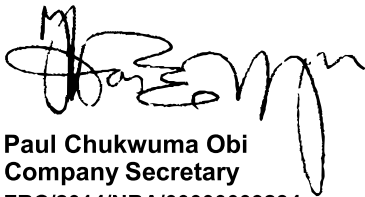
This policy and procedures concerning shareholder enquiries, complaints and feedback may from time to time be reviewed by the

- This policy shall be available on the Company's website. [www.nipcoplc.com](http://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**

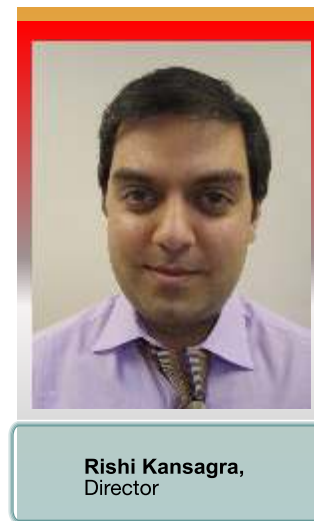
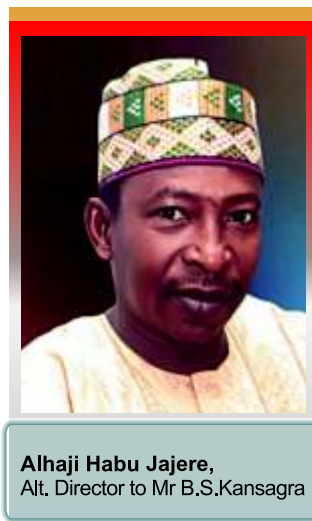


**Paul Chukwuma Obi**  
**Company Secretary**

**FRC/2014/NBA/00000009234**



# BOARD OF



# DIRECTORS



**M. Suresh Kumar**  
Managing Director



**Tunji Adeniji,**  
Director



**Alhaji Sharif Usman,**  
Director



**Mrs. Grace O. Idowu,**  
Director



**Alhaji Sani Yau,**  
Director

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2023**

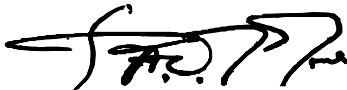
The Companies and Allied Matters Act 2020 requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of each financial year and its profit or loss. The responsibilities include ensuring that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

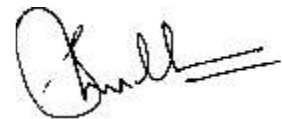
The Directors accept responsibility for the annual financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Financial Reporting Standards (IFRS), the Financial Reporting Council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

## **STATEMENT OF CORPORATE RESPONSIBILITY FOR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

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 2023 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 2023;
- 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.

**Date this 26th day of June 2024**



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

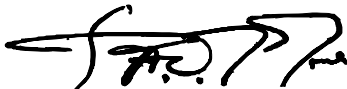


**Paul Baba**  
*Chief Financial Officer*  
FRC/2014/ICAN/00000007667

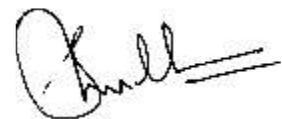
**MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
FOR THE YEAR ENDED 31 DECEMBER 2023**

In compliance with the provisions of section 1.3 of SEC Guidelines on implementation of sections 60-63 of Investments and Securities Act 2007, we hereby make the following statements in relation to the internal controls of NIPCO Plc for the year ended 31 December, 2023.

- a) Management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding preparation of reliable financial statements suitable for external purposes in line with international financial reporting standards.
- b) The Company's internal control system is supported by policies and procedures which ensure that transactions are fairly and accurately recorded in the books and audited by internal audit function.
- c) Management has assessed the effectiveness of the Company's internal controls over financial reporting as of 31 December, 2023 and there are no significant deficiencies and material weaknesses that will adversely affect the entity's ability to record, process, summarize and report financial information.
- d) Management used the criteria contained in "Internal Controls Integrated framework of the Committee of Sponsoring Organization (COSO)" to conduct the assessment. As a result of this evaluation, management concludes that NIPCO Plc internal control over financial reporting as of December 2023 is effective.
- e) Ngozi Monica Okonkwo & Co, the external Auditors of NIPCO Plc, has audited the financial statements included in this report has issued its attestation report on management's assessment, and on the effectiveness of the Company's internal controls over financial reporting.



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



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

**CERTIFICATION OF MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING  
FOR THE YEAR ENDED 31 DECEMBER 2023**

In compliance with the sections 60-63 of Investments and Securities Act 2007, I hereby make the following statements regarding the Internal Controls of NIPCO Plc for the year ended 31 December, 2023 that:

I, Suresh Kumar, certify that;

- a) I have reviewed this management assessment on Internal Controls over Financial Report of NIPCO Plc;
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
- d) NIPCO Plc other certifying officer(s) and I:
  - i) are responsible for establishing and maintaining internal controls;
  - ii) have designed or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAPs;
  - iii) have evaluated the effectiveness of the internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) We have disclosed, based on our most recent evaluation of internal control system, to our Auditors, Board of Directors and the Audit committee:
  - i) all significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal controls system.
- f) We have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regards to significant deficiencies and material weaknesses.



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

**CERTIFICATION OF MANAGEMENT'S ASSESSMENT ON INTERNAL CONTROLS OVER FINANCIAL REPORTING  
FOR THE YEAR ENDED 31 DECEMBER 2023**

In compliance with the sections 60-63 of Investments and Securities Act 2007, I hereby make the following statements regarding the Internal Controls of NIPCO Plc for the year ended 31 December 2023 that:

I, Paul Baba, certify that:

- a) I have reviewed this management assessment on Internal Controls over Financial Report of NIPCO Plc;
- b) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
- d) NIPCO Plc other certifying officer(s) and I:
  - i) are responsible for establishing and maintaining internal controls;
  - ii) have designed or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAPs;
  - iii) have evaluated the effectiveness of the internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e) We have disclosed, based on our most recent evaluation of internal control system, to our Auditors, Board of Directors and the Audit committee:
  - i) all significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - ii) any fraud, whether or not material, that involves management or other employees who have a significant role in the entity's internal controls system.
- f) We have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regards to significant deficiencies and material weaknesses.



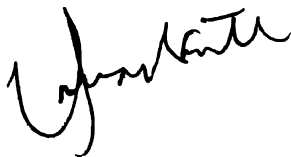
**Paul Baba**  
*Chief Financial Officer*  
FRC/2014/ICAN/0000007667

**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 2023 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 2024**



**Alhaji Aminu Adamu  
Chairman Statutory Audit Committee  
FRC/2023/PRO/NIM/002/906793**

***Members of Audit Committee***

- |    |                      |                      |                             |
|----|----------------------|----------------------|-----------------------------|
| 1. | Alhaji Aminu Adamu   | Shareholder/Chairman | FRC/2023/PRO/NIM/002/906793 |
| 2. | Mrs. Grace O. Idowu  | Director/Member      |                             |
| 3. | Mr. Ramesh Virwani   | Director/Member      |                             |
| 4. | Mr. Joseph Igbinigie | Member               |                             |
| 5. | Mrs. Ngozi Aniemena  | Member               |                             |

## REPORT OF THE INDEPENDENT AUDITORS



BN 986676

**Head Office:**

Duplex 11 Ugochukwu Housing Estate  
SabMiller Crescent, Off Atani Road  
Onitsha, Anambra State  
Phone: 0803 322 1761  
Email: ngmonik@yahoo.co.uk

**Lagos Office:**

9 Oremeta Street  
Off Opebi Link Bridge  
Oregon, Lagos  
Phone: 0803 322 1761  
Email: ngmonik@yahoo.co.uk

**Abuja Office:**

SC Cadastral Zone E11  
Opposite Army Housing Estate  
Kurudu District  
FCT - Abuja

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

#### Report on the Audit of the Consolidated and Separate Financial Statements

##### Opinion

We have audited the consolidated and separate financial statements of NIPCO Plc (“the Company”) and its subsidiaries (together referred to as “the Group”) set out on pages 45 to 85, which comprise the consolidated and separate statements of financial position as at 31 December 2023, and consolidated and separate statements of other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate statements, which include a summary of material accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of NIPCO Plc as at 31 December, 2023 and its consolidated and separate financial performance and statement of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

##### 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 Auditors' Responsibilities for the audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated Financial Statements in Nigeria. 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 matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated and separate financial statements of the current year. However, we have not identified such matter in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon.

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**Principal Partner: Ngozi Monica Okonkwo, (PhD), FCTI, FCIB, CertIFRS, CFE, CFA, FCA (Nigerian)**

## REPORT OF THE INDEPENDENT AUDITORS



### **Other Information**

The Directors are responsible for the other information. The other information comprises the information included in the document titled NIPCO Plc Annual Reports & Accounts for the year ended 31 December 2023, which includes the Directors' Report, the Audit Committee's Report, the Company Secretary's Report, the Statement of Corporate Responsibilities for the Financial Statements, and Other National Disclosures as required by the Financial Reporting Council of Nigeria which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate 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 that we 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.

### **Responsibilities of the Directors for the Consolidated and Separate Financial Statements**

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act 2020, Financial Reporting Council (Amendment) Act, 2023 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' Responsibilities for the Audit of the Consolidated and Separate Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate financial statements.

## REPORT OF THE INDEPENDENT AUDITORS



### ***Ngozi Monica Okonkwo & Co.***

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

- a. Identify and assess the risks of material misstatement of the consolidated and separate 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.
- b. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- c. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- d. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the Group and 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 consolidated and separate 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 Group and Company to cease to continue as a going concern.
- e. Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the Group and Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- f. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

## REPORT OF THE INDEPENDENT AUDITORS

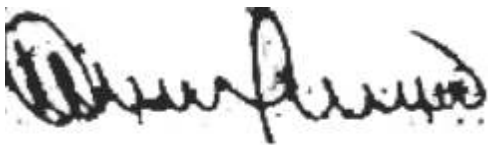
 ***Ngozi Monica Okonkwo & Co.***

### Report on Other Legal and Regulatory Requirements

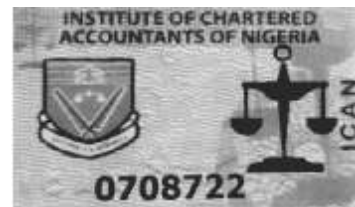
In accordance with the Fifth Schedule of the Companies and Allied Matters Act, we expressly state that:

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

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Entity's Internal Control over Financial Reporting as of 31 December 2023. The work performed was done in accordance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and we have issued an Assurance Report with no exception in our report dated 26 June 2024. The report is included on page 27 to 28 of the financial statement.



**Ngozi Monica Okonkwo, PhD, FCA**  
**FRC/2013/PRO/ICAN/004/00000000916**  
**For: NGOZI MONICA OKONKWO & CO**  
**(Chartered Accountants)**  
**Lagos, Nigeria**  
**26 June 2024**



## ASSURANCE REPORT OF INDEPENDENT AUDITOR



# ***Ngozi Monica Okonkwo & Co.***

BN 986676

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Email: ngmonik@yahoo.co.uk

**Abuja Office:**

SC Cadastral Zone E11  
Opposite Army Housing Estate  
Kurudu District  
FCT - Abuja

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## ASSURANCE REPORT OF INDEPENDENT AUDITOR To the Shareholders of NIPCO Plc

### **Assurance Report on Management's Assessment of Controls Over Financial Reporting**

We have performed a limited assurance engagement in respect of the systems of internal control over financial reporting of NIPCO Plc ("the Company") and its subsidiaries ("the Group") as of 31 December 2023, in accordance with the FRC Guidance on assurance engagement report on Internal Control over Financial Reporting and based on criteria established in the Internal Control -Integrated Framework (2013) issued by the Committee of Sponsoring Organizations (COSO) ("the ICFR framework"), and the SEC Guidance on Management Report on Internal Control Over Financial Reporting. NIPCO Plc's management is responsible for maintaining effective internal control over financial reporting and for assessing the effectiveness of internal control over financial reporting including the accompanying Management's Report on Internal Control over Financial Reporting.

We have also audited, in accordance with the International Standards on Auditing, the consolidated financial statements of the Group and our report dated 26 June 2024 expressed unmodified opinion.

### **Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence that we have obtained, nothing has come to our attention that causes us to believe that the Group did not establish and maintain an effective system of internal control over financial reporting, as of the specified date, based on the SEC Guidance on Management Report on Internal Control Over Financial Reporting.

### **Definition of Internal Control Over Financial Reporting**

Internal control over financial reporting is a process designed by, or under the supervision of, the entity's principal executive and principal financial officers, or persons performing similar functions, and effected by the entity's Board of Directors, management, and other personnel to provide reasonable assurance regarding their liability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal control over financial reporting includes those policies and procedures that:

- a. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- b. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and Directors of the Company; and

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**Principal Partner: Ngozi Monica Okonkwo, (PhD), FCTI, FCIB, CertIFRS, CFE, CFA, FCA (Nigerian)**

## ASSURANCE REPORT OF INDEPENDENT AUDITOR



- c. Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **Inherent Limitations**

Our procedures included the examination of historical evidence of the design and implementation of the Group's system of internal control over financial reporting for the year ended 31 December 2023. Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our limited assurance report is subject to these inherent limitations.

### **Directors' and Management's Responsibilities**

The Directors are responsible for ensuring the integrity of the entity's financial controls and reporting. Management is responsible for establishing and maintaining a system of internal control over financial reporting that provides reasonable assurance regarding the reliability of financial reporting, and the preparation of financial statements for external purposes in accordance with the International Financial Reporting Standards (IFRS) and the ICFR framework. Section 7(2f) of the Financial Reporting Council of Nigeria (Amendment) Act 2023 further requires that management perform an assessment of internal controls, including information system controls. Management is responsible for maintaining evidential matters, including documentation, to provide reasonable support for its assessment of internal control over financial reporting.

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior.

Our Firm applies the International Standard on Quality Management 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements which requires the Firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

### **Auditor's Responsibility and Approach**

Our responsibility is to express a limited assurance opinion on the Company's internal control over financial reporting based on our Assurance engagement.

We performed our work in accordance with the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting and the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than the Audits or Reviews of Historical Financial Information (ISAE 3000) revised. That Standard requires that we comply with ethical requirements and plan and perform the limited assurance engagement to obtain limited assurance on whether any matters come to our attention that causes us to believe that the Group did not establish and maintain an effective system of internal control over financial reporting in accordance with the ICFR framework.

## ASSURANCE REPORT OF INDEPENDENT AUDITOR

 ***Ngozi Monica Okonkwo & Co.***

That Guidance requires that we plan and perform the Assurance engagement and provide a limited assurance report on the entity's internal control over financial reporting based on our assurance engagement.

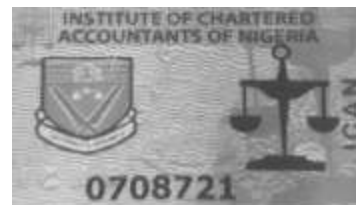
The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. As a result, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion on whether the Group established and maintained an effective system of internal control over financial reporting.

As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances.

We believe the procedure performed provides a basis for our report on the internal control put in place by management over financial reporting.



**Ngozi Monica Okonkwo, PhD, FCA**  
**FRC/2013/PRO/ICAN/004/00000000916**  
**For: NGOZI MONICA OKONKWO & CO**  
**(Chartered Accountants)**  
**Lagos, Nigeria**  
**26 June 2024**



**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2023**


	Notes	Group		Company	
		2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
Revenue	7	1,243,549,483	850,249,596	780,079,582	461,264,956
Cost of Sales	8	(1,145,897,421)	(771,722,652)	(743,655,255)	(430,617,274)
<b>Gross Profit</b>		<b>97,652,062</b>	<b>78,526,944</b>	<b>36,424,327</b>	<b>30,647,682</b>
Other Income	9	21,644,340	17,792,956	7,693,066	6,931,966
Selling and Marketing Costs	10	(23,232,175)	(13,773,682)	(5,009,725)	(4,995,430)
Administrative Expenses	11	(49,601,579)	(48,215,832)	(24,594,867)	(18,401,625)
<b>Operating Profit</b>		<b>46,462,648</b>	<b>34,330,386</b>	<b>14,512,801</b>	<b>14,182,593</b>
Finance Income	12	5,767,843	2,208,935	3,512,416	1,735,770
Finance Costs	13	(14,699,989)	(7,886,046)	(8,405,006)	(4,946,333)
<b>Profit Before Income Tax</b>		<b>37,530,502</b>	<b>28,653,275</b>	<b>9,620,211</b>	<b>10,972,030</b>
Tax Expense	14.1	(8,191,929)	(11,039,580)	(4,411,989)	(2,698,662)
<b>Profit for the Year</b>		<b>29,338,573</b>	<b>17,613,695</b>	<b>5,208,222</b>	<b>8,273,368</b>
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified Profit or Loss subsequently to</b>					
Actuarial Loss		(136,125)	(24,442)	(136,125)	(24,442)
Revaluation Surplus		-	49,038,088	-	21,947,073
Gain on Subsequent Acquisition of of Non-controlling Interest by Owners of Parent		555,404	(3,583,877)	-	-
<b>Other Comprehensive Income for the Year</b>		<b>419,279</b>	<b>45,429,769</b>	<b>(136,125)</b>	<b>21,922,631</b>
<b>Total Comprehensive Income for the Year</b>		<b>29,757,852</b>	<b>63,043,464</b>	<b>5,072,097</b>	<b>30,195,999</b>
Basic earnings/ per share (₦)		156.33	93.86	27.75	44.09

The statement of accounting policies and notes on pages 45 to 85 form an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Notes	Group		Company	
		2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>Assets</b>					
<b>Non-Current Assets</b>					
Goodwill	18	115,130,958	119,140,732	-	-
Property, Plant and Equipment	15	214,143,677	213,331,459	80,360,349	83,927,603
Investment Property	16	10,745,791	12,913,007	-	-
Right-of-Use Assets	17	2,298,437	2,050,800	384,980	593,430
Intangible Assets	19	115,968	97,833	17,969	-
Investments	20	556,126	474,197	160,000	536,599
Other Long-term Financial Assets	21	60,137	77,596	60,137	77,596
Prepayments	23.1	7,750	14,086	-	-
		<b>343,058,844</b>	<b>348,099,710</b>	<b>80,983,435</b>	<b>85,135,228</b>
<b>Current Assets</b>					
Inventories	22	63,061,941	26,583,414	25,141,114	3,315,642
Prepayments	23.2	18,012,823	7,840,028	805,987	67,963
Trade and Other Receivables	24	116,089,808	71,847,941	245,220,100	166,999,800
Cash and Cash Equivalents	25	103,116,413	65,265,987	22,135,568	26,800,753
		<b>300,280,985</b>	<b>171,537,370</b>	<b>293,302,769</b>	<b>197,184,158</b>
<b>Total Assets</b>		<b>643,339,829</b>	<b>519,637,080</b>	<b>374,286,204</b>	<b>282,319,386</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share Capital	26	187,668	187,668	187,668	187,668
Share Premium	27	2,010,588	2,010,588	2,010,588	2,010,588
Other Components of Equity		125,118,913	120,617,323	71,014,583	71,150,708
Retained Earnings		65,658,530	63,132,837	20,106,251	33,001,593
<b>Equity Attributable to Owners of the Parent</b>		<b>192,975,699</b>	<b>185,948,416</b>	<b>93,319,090</b>	<b>106,350,557</b>
<b>Equity Attributable to Owners of the Subsidiary</b>					
Non-controlling Interest		14,516,457	18,028,559	-	-
<b>Total Equity</b>		<b>207,492,156</b>	<b>203,976,975</b>	<b>93,319,090</b>	<b>106,350,557</b>
<b>Liabilities</b>					
<b>Non-current Liabilities</b>					
Borrowings	28.1	31,986,244	58,593,313	-	-
Pension and Other Employee Obligations	30	1,332,983	1,137,935	1,332,983	1,137,935
Trade and Other Payables	31.1	4,505,343	7,003,072	-	1,033,391
Deferred Tax Liabilities	14.3	26,197,960	12,510,656	17,993,203	778,357
		<b>64,022,530</b>	<b>79,244,976</b>	<b>19,326,186</b>	<b>2,949,683</b>
<b>Current Liabilities</b>					
Borrowings	28.2	49,656,736	12,928,858	27,272,337	12,928,858
Lease Liability	29	450,374	94,594	450,374	94,594
Trade and Other Payables	31.2	185,161,431	122,657,052	133,309,747	81,524,580
Contract and Other Liabilities	32	122,843,963	94,538,910	96,246,106	75,772,170
Current Tax Liabilities	14.2	13,712,639	6,195,715	4,362,364	2,698,944
		<b>371,825,143</b>	<b>236,415,129</b>	<b>261,640,928</b>	<b>173,019,146</b>
<b>Total Liabilities</b>		<b>435,847,673</b>	<b>315,660,105</b>	<b>280,967,114</b>	<b>175,968,829</b>
<b>Total Equity and Liabilities</b>		<b>643,339,829</b>	<b>519,637,080</b>	<b>374,286,204</b>	<b>282,319,386</b>

These accounts were approved by the Board of Directors on 26 June 2024 and signed on its behalf by:

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

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

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

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

Group	Share Capital	Share Premium	Other Components of Equity	Retained Earnings	Total Attributable to Owners of Parent	Non-Controlling Interest	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Year Ended 31 December 2022</b>							
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
<b>Balance as at 31 December 2022</b>	<b>187,668</b>	<b>2,010,588</b>	<b>120,617,323</b>	<b>63,132,837</b>	<b>185,948,416</b>	<b>18,028,559</b>	<b>203,976,975</b>
<b>Year Ended 31 December 2023</b>							
Balance as at 1 January 2023	187,668	2,010,588	120,617,323	63,132,837	185,948,416	18,028,559	203,976,975
Dividend paid	-	-	-	(938,342)	(938,342)	(743,676)	(1,682,018)
Actuarial loss	-	-	(136,125)	-	(136,125)	-	(136,125)
Adjustment	-	-	4,082,311	(21,761,031)	(17,678,720)	(2,117,979)	(19,796,699)
Gain on subsequent acquisition of NCI	-	-	555,404	-	555,404	-	555,404
Profit for the year	-	-	-	25,225,066	25,225,066	4,113,507	29,338,573
NCI movement during the year (net)	-	-	-	-	-	(4,763,954)	(4,763,954)
<b>Balance as at 31 December 2023</b>	<b>187,668</b>	<b>2,010,588</b>	<b>125,118,913</b>	<b>65,658,530</b>	<b>192,975,699</b>	<b>14,516,457</b>	<b>207,492,156</b>
<b>Company</b>							
			Share Capital	Share Premium	Other Components of Equity	Retained Earnings	Total
			₦'000	₦'000	₦'000	₦'000	₦'000
<b>Year Ended 31 December 2022</b>							
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
<b>Balance as at 31 December 2022</b>			<b>187,668</b>	<b>2,010,588</b>	<b>71,150,708</b>	<b>33,001,593</b>	<b>106,350,557</b>
<b>Year Ended 31 December 2023</b>							
Balance as at 1 January 2023			187,668	2,010,588	71,150,708	33,001,593	106,350,557
Dividend paid			-	-	-	(938,342)	(938,342)
Actuarial loss			-	-	(136,125)	-	(136,125)
Adjustment			-	-	-	(17,165,222)	(17,165,222)
Profit for the year			-	-	-	5,208,222	5,208,222
<b>Balance as at 31 December 2023</b>			<b>187,668</b>	<b>2,010,588</b>	<b>71,014,583</b>	<b>20,106,251</b>	<b>93,319,090</b>

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Group		Company	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
<b>Cash Flows from Operating Activities</b>				
Profit before tax	37,530,502	28,653,275	9,620,211	10,972,030
<b>Adjustments:</b>				
Depreciation and amortisation	27,191,925	20,103,447	8,956,350	6,079,980
PPE transfer	1,016,253	-	468,389	-
Capital assets adjustment and re-alignment	184,032	-	1,735	-
Contribution to defined benefit plan	195,048	45,651	195,048	45,651
Prior year adjustments	1,378,297	-	-	-
Loss on assets disposal	-	1,735	-	-
Gain/Loss on acquisition of NCI	-	3,583,877	-	-
Rent received	(9,875,529)	(8,565,452)	(77,432)	(31,732)
Net finance income/cost	8,932,146	5,677,111	4,892,590	3,210,563
Exchange (gains)/loss	(20,798,571)	(1,458,260)	(23,454)	(22,405)
Actuarial loss	(136,125)	-	(136,125)	-
Bad debt written-off	17,500	195,128	-	-
ECL provision	456,503	217,664	-	48,022
<b>Operating Profit Before Working Capital Changes</b>	<b>46,091,980</b>	<b>48,454,176</b>	<b>23,897,311</b>	<b>20,302,109</b>
<b>Working Capital Changes:</b>				
Changes in inventories	(36,478,527)	(3,631,943)	(21,825,472)	1,555,254
Changes in prepayment	(10,166,459)	3,372,991	(738,024)	6,789
Changes in trade and other receivables	(44,715,870)	(32,245,974)	(78,266,605)	(22,472,103)
Changes in trade and other payables	60,006,650	31,937,001	50,751,776	13,531,692
Changes in contract and other liabilities	28,305,053	17,417,175	20,473,936	10,276,561
	<b>43,042,827</b>	<b>65,303,426</b>	<b>(5,707,078)</b>	<b>23,200,302</b>
Tax paid	(4,152,921)	(4,921,684)	(2,652,639)	(2,040,792)
<b>Net Cash Flows from Operating Activities</b>	<b>38,889,906</b>	<b>60,381,742</b>	<b>(8,359,717)</b>	<b>21,159,510</b>
<b>Cash Flows from Investing Activities:</b>				
Acquisition of PPE	(26,489,978)	(22,114,065)	(5,653,238)	(8,789,348)
Additions to ROU assets	(904,886)	(308,359)	-	(273,360)
Acquisition of intangible assets	(51,359)	(94,158)	(17,969)	-
Proceeds from sale of PPE	143,238	12,953	2,468	2,208
Rent received	9,875,529	8,565,452	77,432	-
Changes in other long-term financial assets	17,459	(19,726)	17,459	(19,726)
Acquisition of subsidiary	(4,208,550)	(4,841,368)	-	-
Changes in investment	(81,929)	(23,609)	376,599	-
<b>Net Cash Flows from Investing Activities</b>	<b>(21,700,476)</b>	<b>(18,822,880)</b>	<b>(5,197,250)</b>	<b>(9,080,226)</b>
<b>Cash Flows from Financing Activities:</b>				
Proceeds/(repayments) of borrowings	10,120,809	(8,900,688)	14,343,479	2,157,395
Changes in lease liability	355,780	(11,085)	355,780	(11,085)
Net finance income/cost	(8,932,146)	(5,677,111)	(4,892,590)	(3,210,563)
Dividend paid	(1,682,018)	(1,356,880)	(938,342)	(609,922)
<b>Net Cash Flows from Financing Activities</b>	<b>(137,575)</b>	<b>(15,945,764)</b>	<b>8,868,327</b>	<b>(1,674,175)</b>
<b>Net Cashflows for the Year</b>	<b>17,051,854</b>	<b>25,613,098</b>	<b>(4,688,639)</b>	<b>10,405,109</b>
Cash and cash equivalents, at 1 January	65,265,987	38,194,629	26,800,753	16,373,239
Effects of exchange difference	20,798,571	1,458,260	23,454	22,405
<b>Cash and Cash Equivalents as at 31 December</b>	<b>103,116,413</b>	<b>65,265,987</b>	<b>22,135,568</b>	<b>26,800,753</b>
<b>Cash and Cash Equivalents as at 31 December</b>	<b>103,116,413</b>	<b>65,265,987</b>	<b>22,135,568</b>	<b>26,800,753</b>

The statement of accounting policies and notes on pages 45 to 85 form an integral part of these financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 1 Nature of Operations

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

- **Petroleum Product, LPG and CNG 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 kerosine (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 1.00 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 1.00 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 at 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) Act 2011 (as amended) and CAMA 2020. 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 29.34 billion for the year and had an excess of current liabilities over current assets of 71.54 billion.
- The Group generated positive operating cash flows of 38.89 billion in the current period
- As disclosed in Note 6.3.2 to 6.3.5, the 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 long-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 2023 (including comparatives) were approved and authorised for issue by the board of directors on **26 June 2024**.

#### 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, 22 Hospitality Limited and 44 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.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

<b>Group Structure</b>	<b>Initials</b>
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
44 Hospitality Limited	44HL

Initials of the entity	Proportion of Interest held by the entities								
	NP	NIL	NGL	NEPL	11 Plc	22HL	CHP	11HL	44HL
NP	Nil	100%	100%	100%	Nil	Nil	Nil	Nil	Nil
NIL	Nil	-	Nil	Nil	84.17%	100%	Nil	Nil	100%
NGL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
NEPL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
11 Plc	Nil	Nil	Nil	Nil	Nil	Nil	Nil	100%	Nil
11HL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
22HL	Nil	Nil	Nil	Nil	Nil	Nil	85.87%	Nil	Nil
CHP	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
44HL	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

	Number of shares held by the entities								
	NP	NIL	NGL	NEPL	11 Plc	22HL	CHP	11HL	44HL
NP	-	50,000,000	50,000,000	100,000,000	-	-	-	-	-
NIL	-	-	-	-	303,507,713	10,000,000	-	-	10,000,000
NGL	-	-	-	-	-	-	-	-	-
NEPL	-	-	-	-	-	-	-	-	-
11 Plc	-	-	-	-	-	-	-	10,000,000	-
11HL	-	-	-	-	-	-	-	-	-
22HL	-	-	-	-	-	-	2,714,033,447	-	-
CHP	-	-	-	-	-	-	-	-	-
44HL	-	-	-	-	-	-	-	-	-

### 3 New or Revised Standards or Interpretations

#### 3.1 New Standards Adopted as at 1st January 2023

##### 3.1.1 IAS 12 - Income Taxes Amendments

###### • 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The amendments require an entity to recognise deferred tax on certain transactions (e.g 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.

### 3.1.2 International Tax Reform - Pillar Two Model Rules - Effective 1 January 2023

The International Accounting Standards Board (IASB) has proposed amendments to IAS 12 Income Taxes. The proposed amendments aim to provide temporary relief from accounting for deferred taxes arising from the imminent implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD).

The IASB is responding to stakeholders' concerns about the potential implications of these rules for the accounting for income tax in financial statements. In particular, stakeholders were concerned about the uncertainty over the accounting for deferred taxes arising from the rules. They said there was an urgent need for clarity in the light of the imminent implementation of these rules in some jurisdictions.

The OECD published its Pillar Two Model Rules in December 2021 to ensure that large multinational companies (i.e groups with revenue of EUR 750 million or more in two of the last four years) would be subject to a minimum 15% tax rate. The reform is expected to apply in most jurisdictions for accounting periods starting on or after 1 January 2024.

#### The Proposed Amendments would Introduce:

- i A temporary exception to the accounting for deferred taxes arising from the implementation of the rules; and
- ii Targeted disclosure requirements for affected companies.

**More than 135 countries and jurisdictions representing more than 90% of global GDP have agreed to the Pillar Two model rules.**

#### The rules:

- i Aim to address the tax challenges arising from the digitalisation of the economy; and
- ii provide a template for the implementation of a minimum corporate tax rate of 15% that large multinational companies would pay on income generated in each jurisdiction in which they operate.

### 3.1.3 Definition of Accounting Estimates - Amendment to IAS 8 - Effective 1 January 2023

The changes to IAS 8 focus entirely on accounting estimates and clarify the following:

#### Changes

- i The definition of a change in accounting estimates is replaced with a definition of accounting estimates. Under the **new definition in IAS 8(32), accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty"**.
- ii Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty.
- iii The Board clarifies that a change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.
- iv A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both the current period and future periods. The effect of the change relating to the current period is recognised as income or expense in the current period. The effect, if any, on future periods is recognised as income or expense in those future periods.

### 3.1.4 Disclosure of Accounting Policies - Amendment to IAS 1 - Effective 1 January 2023

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 'Making Materiality Judgements' aiming to improve accounting policy disclosures

#### The Amendments

- i IAS 1 paragraph 117 - An entity is now required to disclose its material accounting policies information instead of its significant accounting policies;
- ii IAS 1 paragraph 117(A) - Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

- iii IAS 1 paragraph 117(B) - explain how an entity can identify material accounting policy information and to give examples of when accounting policy information is likely to be material;
- iv IAS 1 paragraph 117(A) - the amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial;
- v The amendments clarify that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements; and
- vi IAS 1 paragraph 117(D) - the amendments clarify that if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information.

### **3.2 Standards, Amendments and Interpretations to Existing Standards that are not yet Effective and have not been Adopted Early by the Company.**

#### **3.2.1 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.

#### **3.2.2 IAS 1 - Preparation of Financial Statements**

##### **Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) - Effective 1 January 2024**

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.

#### **3.2.3 IAS 1 - Preparation of Financial Statements**

- **Non-Current Liabilities with Covenants (Amendments to IAS 1) - Effective 1 January 2024**

Modify the requirements introduced by Classification of Liabilities as Current or Non-current on how an entity classifies debt and other financial liabilities as current or non-current in particular circumstances: Only covenants with which an entity is required to comply on or before the reporting date affect the classification of a liability as current or non-current. In addition, an entity has to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

##### **Three Proposals the IASB Included in its November 2021 Exposure Draft were not Finalised:**

- i the requirement that an entity has to present non-current liabilities with covenants separately in the statement of financial position;
- ii the requirement that an entity has to disclose whether and, if so, how it expected to comply with covenants after the reporting date; and
- iii the clarifications of some situations in which an entity would not have a right to defer settlement of a liability.

#### **3.2.4 Lease Liability in a Sale and Leaseback - Amendment to IFRS 16 - Effective 1 January 2024**

The IFRS Interpretations Committee received a submission about IFRS 16 Leases and a sale and leaseback transaction with variable payments that do not depend on an index or rate and came to the conclusion (and the IASB agreed) that it would be beneficial to amend IFRS 16 to specify how a seller-lessee should apply the subsequent measurement requirements in IFRS 16 to the lease liability that arises in the sale and leaseback transaction.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The IASB published an Exposure Draft (ED) of a proposed clarifying amendment in November 2020 and has now issued final amendments to IFRS 16.

### **The Amendments**

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

While the November 2020 ED had proposed that a seller-lessee initially measures the right-of-use asset and lease liability arising from a leaseback using the present value of expected lease payments at the commencement date, the final amendments do not prescribe specific measurement requirements for lease liabilities arising from a leaseback.

The amendments also include one amended and one new illustrative example.

### **3.2.5 Supplier Finance Arrangement - Amendment to IFRS 7 and IAS 7 - Effective 1 January 2024**

In May 2023, the IASB amended IAS 7 'Cash flow Statements' and IFRS 7 'Financial Instruments: Disclosures' through the increase of disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

### **The Amendments**

The amendments require additional disclosures that complement the existing disclosures in these two Standards.

They require entities to disclose:

- the terms and conditions of the arrangement
- the amount of the liabilities that are part of the arrangements, breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities are included on the statement of financial position
- ranges of payment due dates
- liquidity risk information.

These additional disclosure requirements address investors wanting more visibility around supplier finance arrangements, which in some jurisdictions around the world are better known as reverse factoring arrangements.

### **3.2.6 Lack of Exchangeability- Amendment to IAS 21 - Effective 1 January 2025**

In August 2023, the IASB amended IAS 21 'The Effects of Changes in Foreign Exchange Rates' to clarify the approach that should be taken by preparers of financial statements when they are reporting foreign currency transactions, translating foreign operations, or presenting financial statements in a different currency, and there is a long-term lack of exchangeability between the relevant currencies.

### **The Amendments**

The amendments include both updates to guidance to assist preparers in correctly accounting for foreign currency items and increase the level of disclosure required to help users understand the impact of a lack of exchangeability on the financial statements. The amendments:

- introduce a definition of whether a currency is exchangeable, and the process by which an entity should assess this exchangeability. This includes application guidance included in a new Appendix A
- provide guidance on how an entity should estimate a spot exchange rate in cases where a currency is not exchangeable
- require additional disclosures in cases where an entity has estimated a spot exchange rate due to a lack of exchangeability, including the nature and financial impact of the lack of exchangeability and details of the spot exchange rate used and the estimation process.

The additional disclosure requirements provide useful information about the additional level of estimation uncertainty, and risks arising for the entity due to the lack of exchangeability.

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

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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

### **4 Material 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 2023. The subsidiaries and sub-subsidiaries 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) Act 2011 (as amended) and CAMA 2020.

##### **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 has remained unchanged during the reporting period.

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 2023

### 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 though the risk of physical damage is low due to the Company's activities and geographical locations). How the Group operates its businesses may be affected by new regulatory constraints on the CO<sub>2</sub> 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 (by 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 notes that 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 reducing its carbon emission from 50% by 2030 and to be carbon neutral no later than 2050. Please refer to the management report for further information on climate risk and any commitments made by the Group to address them.

Consistent with the prior year, as at 31 December 2023, 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 investments 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. The 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 statements.

### 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:

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

Or

- 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 33).

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
- \* Natural gas (compressed and piped)
- \* 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 4.10 Revenue from Contract with Customers

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

### 4.11 Cost of Sales

Cost of sales is 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 2023 or 2022. 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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

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).

### **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 - 15 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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.

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 and at cost amounts. Revalued and cost 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.

### Recognition and Measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Property, plant and equipment comprise tangible items that are held for more than one accounting period.

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

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

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

Gains or losses on disposal of an item of property, plant and equipment are determined by comparing the net proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss.

### **Subsequent Measurement**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the operations.

### **Depreciation**

Items of property, plant and equipment are depreciated from the date that they are available for use or, in respect of self-constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives of property, plant and equipment, using straight-line depreciation, for current and comparative years are as follows:

	<b>Estimated useful lives - years</b>
- 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 outright 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 day-to-day service costs and ongoing maintenance costs are recognized in profit or loss immediately. Major repairs and overhaul costs are capitalized if they will result in future economic benefits. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at end of each financial year and adjusted prospectively, if appropriate.

#### **4.19 Leased Assets**

##### **The Company as a Lessee**

The Group makes use of leasing arrangements principally for the provision of the main warehouse and related facilities, office space, IT equipment and motor vehicles. The rental contracts for offices are typically negotiated for terms 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 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 clauses.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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.

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 Group.

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.

Payments under lease 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 these 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 if 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 permitted by the IASB in 2023 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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.

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.

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 from lease asset 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 reducing 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 that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if the assets or cash-generating units 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 property is initially recognised at cost. 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 to service a property.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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 are not subject to depreciation until they are completed.

### 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 realizable value. The cost of materials is the purchase cost determined on a first-out basis. Inventories are stated at the lower of cost and net realizable value using the weighted average 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 categories:

- 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.

4.24.3 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.

#### 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 FVTPL):

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

- 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.

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).

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 or 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) are 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 – using 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 loss.

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 from 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### **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 are 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.

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 a 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 and 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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

### **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.

#### **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 expense.

### **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.

### **4.28 Equity and Reserves**

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

Share premium includes any premium 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### Other Components of Equity Include the Following:

- **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 30)

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

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.

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 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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

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 Material 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 Material 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.

##### **5.1.1 Recognition of Contract Revenue Overtime 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 as 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 Inter-Company Payable as Non-Current Payable**

In determining whether inter-Company 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 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.

### 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 (see Note 24.2).

### 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. In particular, the fair value of contingent consideration is dependent on the outcome of many variables including the acquirees' future profitability.

### 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 30.2).

### 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 of uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

### **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, economic inputs, such as unemployment levels, Gross Domestic Products, 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

### **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 estimate 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.

### **5.2.6 Defined Benefit Plans**

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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## 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.

### 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.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023**

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.

### **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 Company.

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 obligation.

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.

<b>31 December 2023</b>	<b>1 - 12 Months ₦'000</b>	<b>13 Months and above ₦'000</b>
Trade and other receivables	245,220,100	-
Inventories	25,141,114	-
Cash and cash equivalents	22,135,568	-
<b>Total</b>	<b>292,496,782</b>	<b>-</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**31 December 2022**

Trade and other receivables	166,999,800	-
Inventories	3,315,642	-
Cash and cash equivalents	26,800,753	-
<b>Total</b>	<b>197,116,195</b>	<b>-</b>

**6.3.5 Capital Risk Management**

The primary objective of the Company's capital risk 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 2023 and 2022. The Company calculates net debt using total liabilities (borrowings, trade and other payables, provisions, contract liability and other liabilities.), less cash and cash equivalents.

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
Total liabilities	435,847,673	315,660,105	280,967,114	175,968,829
Less: Cash and cash equivalents	(103,116,413)	(65,265,987)	(22,135,568)	(26,800,753)
<b>Net Debt</b>	<b>332,731,260</b>	<b>250,394,118</b>	<b>258,831,546</b>	<b>149,168,076</b>
<b>Equity</b>	<b>207,492,156</b>	<b>203,976,975</b>	<b>93,319,090</b>	<b>106,350,557</b>
<b>Net Debt and Equity</b>	<b>160.36%</b>	<b>122.76%</b>	<b>277.36%</b>	<b>140.26%</b>
<b>Total Borrowings</b>	<b>81,642,980</b>	<b>71,522,171</b>	<b>27,272,337</b>	<b>12,928,858</b>
<b>Gearing Ratio</b>	<b>39.35%</b>	<b>35.06%</b>	<b>29.22%</b>	<b>12.16%</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Group		Company	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
<b>7 Revenues</b>				
Sale of fuels	963,873,632	612,643,780	650,037,559	399,711,492
Sale of LPG	142,376,565	133,412,012	128,199,491	59,685,010
Sale of CNG	23,628,163	11,752,616	-	-
Sale of lubricants	93,036,689	78,222,252	1,820,141	1,772,632
Food, beverage and room	20,612,043	14,123,114	-	-
Sale of gas accessories	22,391	95,822	22,391	95,822
	<b>1,243,549,483</b>	<b>850,249,596</b>	<b>780,079,582</b>	<b>461,264,956</b>
<b>8 Cost of Sales</b>				
Purchase cost	1,119,879,485	757,348,890	732,586,980	422,520,342
Food, beverage and rooms	8,447,696	2,259,627	-	-
Inspection expenses	34,228	29,888	34,228	29,888
Lease rental expenses	-	21,662	-	21,662
Manufacturing cost	753,010	669,133	-	-
Management fee	8,385,856	4,958,598	8,385,856	4,958,598
Other direct cost	8,397,146	6,434,854	2,648,191	3,086,784
	<b>1,145,897,421</b>	<b>771,722,652</b>	<b>743,655,255</b>	<b>430,617,274</b>
<b>9 Other Income</b>				
Rent received	9,875,529	8,565,452	77,432	31,732
Miscellaneous income	11,189,019	8,444,763	7,035,842	6,117,493
Marketers throughput commission	257,234	309,425	257,234	309,425
NNPC throughput commission	322,558	473,316	322,558	473,316
	<b>21,644,340</b>	<b>17,792,956</b>	<b>7,693,066</b>	<b>6,931,966</b>
<b>10 Selling and Marketing Cost</b>				
Selling and distribution expenses	18,487,378	8,997,572	276,218	220,979
Sales rebate, dealers margin and haulage	4,744,797	4,776,110	4,733,507	4,774,451
	<b>23,232,175</b>	<b>13,773,682</b>	<b>5,009,725</b>	<b>4,995,430</b>
<b>11 Administrative Expenses</b>				
Employee benefit expenses	3,449,376	5,159,249	2,111,630	1,468,640
Directors remuneration	20,500	257,865	20,500	22,600
Auditors remuneration	134,178	101,250	15,000	25,000
Bad debt written-off	17,500	195,128	-	-
Depreciation and amortisation	25,795,834	20,103,447	8,956,350	6,079,980
ECL provision	456,503	217,664	193,300	48,022
Bank charges	965,163	-	761,934	-
Office expenses	18,762,525	22,181,229	12,536,153	10,757,383
	<b>49,601,579</b>	<b>48,215,832</b>	<b>24,594,867</b>	<b>18,401,625</b>

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.

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.

The Group's employee benefit expenses relates to cost incurred on staff remuneration and other related employee expenses. 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. Office expenses comprises of advert and promotion, repairs and maintenance, printing and stationery, telephone and postages, travel and hotel expenses.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Group		Company	
	2023 Number	2022 Number	2023 Number	2022 Number
<b>11.1.1 Employees</b>				
Management staff	55	45	17	22
Senior staff	253	219	140	155
Junior staff	30	292	21	26
	<b>338</b>	<b>556</b>	<b>178</b>	<b>203</b>

	Group		Company	
	Number	Number	Number	Number
<b>11.1.2 Range</b>				
900,001 – 2,000,000	4	307	2	34
2,000,001 – 4,000,000	136	116	110	94
4,000,001 – 6,000,000	81	64	42	57
6,000,001 – 8,000,000	31	8	11	7
Above 8,000,001	86	61	13	11
	<b>338</b>	<b>556</b>	<b>178</b>	<b>203</b>

	Group		Company	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
<b>12 Finance Income</b>				
Interest income	5,767,843	2,208,935	3,512,416	1,735,770
	<b>5,767,843</b>	<b>2,208,935</b>	<b>3,512,416</b>	<b>1,735,770</b>

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

<b>13 Finance Cost</b>				
Interest on loan and overdraft	10,076,731	6,169,849	5,795,544	3,263,729
Interest on defined benefit obligation	139,004	104,448	139,004	104,448
Bank charges	4,484,254	1,560,745	2,470,458	1,527,152
Interest on lease	-	51,004	-	51,004
	<b>14,699,989</b>	<b>7,886,046</b>	<b>8,405,006</b>	<b>4,946,333</b>

**14 Taxation**

<b>14.1 Income Tax Recognised in Income Statement</b>				
<b>Current Tax</b>				
Company income tax	10,106,876	5,267,240	3,921,246	2,332,879
Education tax	1,459,907	888,844	416,587	338,087
Police trust fund levy	2,021	549	481	549
NASENI levy	101,042	27,430	24,051	27,430
Prior year (over)/under provision	-	27,119	-	(283)
	<b>11,669,846</b>	<b>6,211,182</b>	<b>4,362,365</b>	<b>2,698,662</b>
<b>Deferred Tax</b>				
Deferred tax expense/(credit)	(3,477,917)	4,828,398	49,624	-
<b>Total Income Tax Expenses</b>	<b>8,191,929</b>	<b>11,039,580</b>	<b>4,411,989</b>	<b>2,698,662</b>

The tax rate used for the 2023 and 2022 tax computation is 30% payable by Corporate Entities in Nigeria and 3% for Education Tax.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**14.2 Current Tax Liabilities**

At 1 January	6,195,715	4,343,536	2,698,944	2,041,074
Charge for the year	11,669,846	6,211,182	4,362,365	2,698,662
	<b>17,865,561</b>	<b>10,554,718</b>	<b>7,061,309</b>	<b>4,739,736</b>
WHT credit utilised	(46,305)	(32,843)	(46,305)	-
Paid during the year	(4,106,616)	(4,326,160)	(2,652,639)	(2,040,792)
<b>At 31 December</b>	<b>13,712,639</b>	<b>6,195,715</b>	<b>4,362,364</b>	<b>2,698,944</b>

**14.3 Deferred Tax Liabilities**

At January 1	12,510,656	6,703,719	778,357	778,357
Charge for the year	(3,477,917)	4,828,398	49,624	-
Under provision	17,165,222	-	17,165,222	-
Capital Hotel opening balance addition	-	978,539	-	-
<b>At December 31</b>	<b>26,197,960</b>	<b>12,510,656</b>	<b>17,993,203</b>	<b>778,357</b>

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 2023

15	Property, Plant and Equipment	Group	Total											
			Land	Buildings	Pipelines	Plant and Machinery	Vehicles and Bicycles	Communication Equipment	Computer Equipment	Furniture and Fittings	Laboratory Equipment	Fire Fighting Equipment and Electrical Installation	Assets Under Construction	
			₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
	<b>Cost</b>		33,707,366	38,214,752	53,082,031	118,029,307	14,019,041	293,395	407,156	7,608,148	17,046	2,334,635	8,815,220	276,528,097
	As at 1 January 2023													
	Additions		1,839,998	2,048,768	4,674	1,841,591	1,601,152	33,148	64,311	2,119,760	-	1,571,964	15,364,612	26,489,978
	Disposal		-	(987)	-	(586,396)	(67,670)	-	-	(20,548)	-	-	-	(675,601)
	Adjustment		-	-	-	-	18,034	-	-	-	-	-	-	18,034
	Transfer		155,000	6,040,260	-	(380,798)	(18,300)	-	-	65,990	-	-	(6,992,104)	(1,129,952)
	Re-alignment of opening balance		-	(549,139)	-	(1,418,299)	(191,034)	-	-	(2,167,343)	-	-	399,181	(3,926,634)
	<b>As at 31 December 2023</b>		<b>35,702,364</b>	<b>45,753,654</b>	<b>53,086,705</b>	<b>117,485,405</b>	<b>15,361,223</b>	<b>326,543</b>	<b>471,467</b>	<b>7,606,007</b>	<b>17,046</b>	<b>3,906,599</b>	<b>17,586,909</b>	<b>297,303,922</b>
	<b>Depreciation</b>													
	As at 1 January 2023		-	5,322,457	12,361,304	31,730,858	6,694,037	122,200	190,932	5,666,880	8,782	1,099,188	-	63,196,638
	Charge for the year		-	1,054,940	8,017,154	11,461,922	2,528,199	60,191	113,262	1,026,223	5,682	264,684	-	24,532,258
	Disposal		-	(654)	-	(451,353)	(65,192)	-	-	(15,164)	-	-	-	(532,363)
	Adjustment		-	803,347	-	-	(783,590)	-	-	-	-	-	-	19,756
	Transfer		-	-	-	(113,699)	-	-	-	-	-	-	-	(113,699)
	Re-alignment of opening balance		-	(339,986)	-	(1,244,592)	(190,553)	-	-	(2,167,214)	-	-	-	(3,942,345)
	<b>As at 31 December 2023</b>		<b>-</b>	<b>6,840,104</b>	<b>20,378,458</b>	<b>41,383,136</b>	<b>8,182,901</b>	<b>182,391</b>	<b>304,194</b>	<b>4,510,725</b>	<b>14,464</b>	<b>1,363,872</b>	<b>-</b>	<b>83,160,245</b>
	<b>Carrying Amount</b>													
	As at 31 December 2023		<b>35,702,364</b>	<b>38,913,550</b>	<b>32,708,247</b>	<b>76,102,269</b>	<b>7,178,322</b>	<b>144,152</b>	<b>167,273</b>	<b>3,095,282</b>	<b>2,582</b>	<b>2,542,727</b>	<b>17,586,909</b>	<b>214,143,677</b>
	As at 31 December 2022		<b>33,707,366</b>	<b>32,892,295</b>	<b>40,720,727</b>	<b>86,298,449</b>	<b>7,325,004</b>	<b>171,195</b>	<b>216,224</b>	<b>1,941,268</b>	<b>8,264</b>	<b>1,235,447</b>	<b>8,815,220</b>	<b>213,331,459</b>

### 15.1 Impairment Losses Recognised in the Year

No impairment loss has been recognized during the year ended 31 December 2023 as none of the property, plant and equipment has suffered impairment (2022: Nil).

### 15.2 Assets Pledged as Security

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

### 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 Adjustment

The NIPCO Plc group adjustment is based on the opening balance differences in 2022 on cost and depreciation which was corrected during the year.

The Company adjustment is based on prior year negative balances in 2019 on the cost and depreciation which was corrected during the year.

### 15.5 Interest in Joint Operation

Included in Property, plant and equipment is 514million (2022: 223million), Building: 287million (2022: 25million), Furniture and fixtures: 8million (2022: 7million), Plant and machinery: 211million (2022: 185million), Vehicles: 8million (2022 5million) which relates to the Group's interest in joint operations.

The 11Plc recognised total costs of 191million (2022: 133million) in expenses that relate to costs incurred in its joint operations.

The 11Plc has a fifty percent (50%) interest in a joint arrangement with Total Nigeria plc. for storage and handling of jet fuel to aircraft at the Murtala Muhammed Airport Domestic Terminal.

In addition, the 11Plc has a twenty percent (20%) interest in the Joint Users Hydrant Installation used to refuel aircraft at Murtala Muhammed Airport international terminal. The Company combines its share of the joint assets, income and expenditure, assets and liabilities and cash flow on a line-by-line basis with similar items in the Company's financial statements. The Company classifies its share of the joint operation's assets, according to the nature of the assets; while operating costs of the joint facility are shared based on fixed cost elements and throughput.

11Plc has no obligation to decommission these assets and has not recognized any decommissioning costs.

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15	Property, Plants and Equipment	Company	Total												
			Land	Buildings	Pipelines	Machinery	Plant and Vehicles and Bicycles	Office and Communication Equipment	Computer Equipment and Fittings	Furniture Laboratory and Electrical Equipment	Fire Fighting Equipment and Electrical Installation	Assets Under Construction	Total		
			₺'000	₺'000	₺'000	₺'000	₺'000	₺'000	₺'000	₺'000	₺'000	₺'000	₺'000	₺'000	₺'000
	As at 1 January 2023		20,870,559	10,155,945	-	60,524,726	12,008,487	168,509	71,452	118,522	17,046	1,774,653	256,932	105,966,831	
	Additions		1,328,802	736,225	-	57,638	1,378,814	14,517	27,466	10,560	-	1,571,689	527,528	5,653,238	
	Revaluation surplus		-	-	-	-	-	-	-	-	-	-	-	-	
	Disposal		-	-	-	-	(25,556)	-	-	-	-	-	-	(25,556)	
	Adjustment		-	-	-	-	21,675	-	-	-	-	-	-	21,675	
	Transfer		-	-	-	(582,088)	-	-	-	-	-	-	-	(582,088)	
	<b>As at 31 December 2023</b>		<b>22,199,361</b>	<b>10,892,170</b>	<b>-</b>	<b>60,000,276</b>	<b>13,383,420</b>	<b>183,026</b>	<b>98,918</b>	<b>129,081</b>	<b>17,046</b>	<b>3,346,342</b>	<b>784,460</b>	<b>111,034,100</b>	
	<b>Depreciation</b>														
	As at 1 January 2023		-	719,170	-	15,946,368	4,268,552	73,916	40,615	51,870	8,782	929,955	-	22,039,228	
	Charge for the year		-	206,048	-	5,969,222	2,311,687	35,890	26,428	12,310	5,682	180,633	-	8,747,900	
	Disposal		-	-	-	-	(23,088)	-	-	-	-	-	-	(23,088)	
	Adjustment		-	-	-	-	23,410	-	-	-	-	-	-	23,410	
	Transfer		-	-	-	(113,699)	-	-	-	-	-	-	-	(113,699)	
	<b>As at 31 December 2023</b>		<b>-</b>	<b>925,218</b>	<b>-</b>	<b>21,801,891</b>	<b>6,580,561</b>	<b>109,807</b>	<b>67,042</b>	<b>64,181</b>	<b>14,464</b>	<b>1,110,587</b>	<b>-</b>	<b>30,673,751</b>	
	<b>Carrying Amount</b>														
	As at 31 December 2023		<b>22,199,361</b>	<b>9,966,952</b>	<b>-</b>	<b>38,198,385</b>	<b>6,802,859</b>	<b>73,219</b>	<b>31,876</b>	<b>64,900</b>	<b>2,582</b>	<b>2,235,755</b>	<b>784,460</b>	<b>80,360,349</b>	
	As at 31 December 2022		<b>20,870,559</b>	<b>9,436,775</b>	<b>-</b>	<b>44,578,358</b>	<b>7,739,935</b>	<b>94,593</b>	<b>30,837</b>	<b>66,652</b>	<b>8,264</b>	<b>844,698</b>	<b>256,932</b>	<b>83,927,603</b>	

**15.1 Impairment Losses Recognised in the Year**

No impairment loss has been recognized during the year ended 31 December 2023 as none of the property, plant and equipment has suffered impairment (2022: Nil).

**15.2 Assets Pledged as Security**

No assets was pledged as security as at 31 December 2023.

**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 Disposal**

Vehicle and bicycle was disposed off.

**15.5 Adjustment**

Adjustment is based on prior year negative balances in 2019 on the cost and depreciation which was corrected during year.

**15.6 Transfer**

Transfers comprises of propane tank from capital work in progress, transfer of LPG skids and LPG blending system from 11 Plc .

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Group				
16 Investment Property	Land and Building	Plant and Equipment	Assets Under Construction	Total
	₦'000	₦'000	₦'000	₦'000
<b>Cost</b>				
As at 1 January 2023	10,689,352	22,466,686	-	33,156,038
RE-alignment of assets classes	1,925,027	(2,016,302)	293,205	201,930
<b>As at 31 December 2023</b>	<b>12,614,379</b>	<b>20,450,384</b>	<b>293,205</b>	<b>33,357,968</b>
<b>Depreciation</b>				
As at 1 January 2023	2,985,129	17,257,902	-	20,243,031
Charge for the year	297,388	1,869,828	-	2,167,216
RE-alignment of assets classes	1,925,027	(2,016,302)	293,205	201,930
<b>As at 31 December 2023</b>	<b>5,207,544</b>	<b>17,111,428</b>	<b>293,205</b>	<b>22,612,177</b>
<b>Carrying Amount</b>				
As at 31 December 2023	<b>7,406,835</b>	<b>3,338,956</b>	-	<b>10,745,791</b>
As at 31 December 2022	<b>7,704,223</b>	<b>5,208,784</b>	-	<b>12,913,007</b>

**16.1 Impairment Losses Recognised in the Year**

No impairment loss has been recognized during the year ended 31 December 2023 as none of the investment property has suffered impairment (2022: Nil).

**16.2 Assets Pledged as Security**

The Company does not have any asset pledged as security for liabilities as at 31 December 2023 (2022: Nil).

**16.3 Contractual Commitments**

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

Group				
17 Right of Use Assets	Land and Building	Plant and Machinery	Furniture and Fittings	Total
	₦'000	₦'000	₦'000	₦'000
<b>Cost</b>				
As at 1 January 2023	2,984,786	460,959	115,240	3,560,985
Additions	811,443	74,754	18,689	904,886
Adjustments	(339,088)	(271,270)	(67,818)	(678,176)
Disposal	(13,500)	-	-	(13,500)
<b>As at 31 December 2023</b>	<b>3,443,641</b>	<b>264,443</b>	<b>66,111</b>	<b>3,774,195</b>
<b>Depreciation</b>				
As at 1 January 2023	1,230,701	223,587	55,897	1,510,185
Charge for the year	354,388	83,380	20,845	458,613
Adjustments	(245,645)	(196,516)	(49,129)	(491,290)
Disposal	(1,750)	-	-	(1,750)
<b>As at 31 December 2023</b>	<b>1,337,694</b>	<b>110,451</b>	<b>27,613</b>	<b>1,475,758</b>
<b>Carrying Amount</b>				
As at 31 December 2023	<b>2,105,947</b>	<b>153,992</b>	<b>38,498</b>	<b>2,298,437</b>
As at 31 December 2022	<b>1,754,085</b>	<b>237,372</b>	<b>59,343</b>	<b>2,050,800</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

Company				
17 Right of Use Assets	Land and Building	Plant and Machinery.	Furniture and Fittings	Total
<b>Cost</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>	<b>₦'000</b>
As at 1 January 2023	576,199	460,959	115,240	1,152,398
Additions	93,443	74,754	18,689	186,886
Adjustments	(339,088)	(271,270)	(67,818)	(678,176)
<b>As at 31 December 2023</b>	<b>330,554</b>	<b>264,443</b>	<b>66,111</b>	<b>661,108</b>
<b>Depreciation</b>				
As at 1 January 2023	279,484	223,587	55,897	558,968
Charge for the year	104,225	83,380	20,845	208,450
Adjustments	(245,645)	(196,516)	(49,129)	(491,290)
<b>As at 31 December 2023</b>	<b>138,064</b>	<b>110,451</b>	<b>27,613</b>	<b>276,128</b>
<b>Carrying Amount</b>				
As at 31 December 2023	<b>192,490</b>	<b>153,992</b>	<b>38,498</b>	<b>384,980</b>
As at 31 December 2022	<b>296,715</b>	<b>237,372</b>	<b>59,343</b>	<b>593,430</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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	Group		Company	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
<b>18 Goodwill</b>				
Goodwill from 11 Plc	115,130,958	115,130,958	-	-
Goodwill from Capital Hotel Plc	-	4,009,774	-	-
	<b>115,130,958</b>	<b>119,140,732</b>	-	-

**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 2023, there were no indicators of impairment of goodwill in line with or in reference with IAS 36:12

<b>19 Intangible Assets</b>				
<b>Cost</b>				
As at 1 January 2023	109,203	244,627	-	-
Additions	51,359	94,158	17,969	-
Realignment	277,355	-	-	-
Write-off	-	(229,582)	-	-
<b>As at 31 December 2023</b>	<b>437,917</b>	<b>109,203</b>	<b>17,969</b>	
<b>Accumulated amortisation</b>				
As at 1 January 2023	11,370	235,411	-	-
Charge for the year	33,839	5,541	-	-
Realignment	276,740	-	-	-
Write-off	-	(229,582)	-	-
<b>As at 31 December 2023</b>	<b>321,949</b>	<b>11,370</b>	-	-
<b>Carrying Amount</b>	<b>115,968</b>	<b>97,833</b>	<b>17,969</b>	-

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.

<b>20 Investments</b>				
Other investments	556,126	474,197	-	160,000
Investments in subsidiaries	-	-	160,000	376,599
	<b>556,126</b>	<b>474,197</b>	<b>160,000</b>	<b>536,599</b>

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.

<b>21 Other Long-Term Financial Assets</b>				
Lease assets	60,137	77,596	60,137	77,596
	<b>60,137</b>	<b>77,596</b>	<b>60,137</b>	<b>77,596</b>

Leased assets represent the cost of equipment bought for dealers station; recoverable from rebates.

<b>22 Inventories</b>				
Finished products	32,424,447	7,287,133	25,141,114	3,315,642
Food and beverage	147,471	55,286	-	-
Raw materials	30,114,039	19,009,236	-	-
Consumable equipment and spares	375,984	231,759	-	-
	<b>63,061,941</b>	<b>26,583,414</b>	<b>25,141,114</b>	<b>3,315,642</b>

Obsolete inventory are not provided for but are rather written off to profit or loss immediately they are identified.

In 2023, inventories amounting to 23billion were recognised as expense and included in the cost of sales. During the year, obsolete inventory worth 24million was recognised in cost of goods sold.

**23 Prepayments**

<b>23.1 Non-Current</b>				
Employee benefits	7,750	14,086	-	-
	<b>7,750</b>	<b>14,086</b>	-	-

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	Group		Company	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
<b>23.2 Current</b>				
Rent	832,288	98,287	784,707	49,685
Supplier	-	103,445	-	-
Trade	16,971,715	7,618,232	-	-
other prepaid expenses	208,820	20,064	21,280	18,278
	<b>18,012,823</b>	<b>7,840,028</b>	<b>805,987</b>	<b>67,963</b>

Prepayment comprises of operational expenses paid in advance.

<b>24 Trade and Other Receivables</b>				
Trade receivable	55,308,087	32,041,697	22,793,452	19,159,684
Allowance for expected credit loss	(1,463,257)	(949,612)	(878,824)	(685,525)
	<b>53,844,830</b>	<b>31,092,085</b>	<b>21,914,628</b>	<b>18,474,159</b>
PPMC/NNPC	16,411,587	6,123,002	16,411,587	6,123,002
Throughput receivable	1,210,512	3,191,177	1,210,512	3,191,177
Due from related parties	290,725	359,390	169,703,937	110,984,350
Loans and advances.	460,009	451,227	114,955	114,970
LC advances	30,715,935	22,309,982	30,370,339	22,309,982
Statutory receivables	3,044,926	1,689,967	218,861	74,676
Other receivables	10,111,284	6,631,111	5,275,281	5,727,484
	<b>116,089,808</b>	<b>71,847,941</b>	<b>245,220,100</b>	<b>166,999,800</b>

<b>24.1 Due from Related Parties</b>				
NIPCO Plc from 11 Plc	-	-	22,643,761	12,151,076
NIPCO Plc from 11 Hospitality	-	-	2,637	107,531
NIPCO Plc from 22 Hospitality	-	-	17,521,764	15,098,300
NIPCO Plc from NIPCO Gas	-	-	108,786	(18,274,437)
NIPCO Plc from 44 Hospitality	-	-	65,519	-
NIPCO Plc from CHP	-	-	254,735	-
NIPCO Plc from NIPCO E&P	-	-	459,528	-
NIPCO Plc from NIPCO Investments	-	-	128,647,207	101,901,880
Capital Hotels Plc from Ikeja Hotels Plc	-	359,390	-	-
11 Plc from Purebond	290,725	-	-	-
	<b>290,725</b>	<b>359,390</b>	<b>169,703,937</b>	<b>110,984,350</b>

**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.

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.

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	Group		Company	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
<b>24.2 Provision for Expected Credit Losses</b>				
As at 1 January	(949,612)	(762,646)	(685,525)	(637,503)
Charge for the year	(513,645)	(186,966)	(193,299)	(48,022)
<b>Balance as at 31 December</b>	<b>(1,463,257)</b>	<b>(949,612)</b>	<b>(878,824)</b>	<b>(685,525)</b>
<b>25 Cash and Cash Equivalents</b>				
Bank balance	27,422,497	38,956,558	4,707,095	26,767,714
Cash in hand	48,423	34,694	44,675	33,039
Cash in transit	12,101,426	-	-	-
Short term deposit	63,544,067	26,274,735	17,383,798	-
	<b>103,116,413</b>	<b>65,265,987</b>	<b>22,135,568</b>	<b>26,800,753</b>
Cash in transit relates to payment made in foreign currency to vendor through the bank have not credited the vendor's account.				
Short-term deposits were placed based on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.				
<b>26 Share Capital</b>				
<b>Issued and Fully Paid</b>				
187,668,329 ordinary shares of N1 each.	<b>187,668</b>	<b>187,668</b>	<b>187,668</b>	<b>187,668</b>
The share capital of NIPCO Plc consist only of fully paid ordinary shares with a nominal value of 1 each.				
<b>27 Share Premium</b>	<b>2,010,588</b>	<b>2,010,588</b>	<b>2,010,588</b>	<b>2,010,588</b>
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.				
<b>28 Borrowings</b>				
<b>28.1 Non-Current</b>				
Bank loans.	31,986,244	29,577,251	-	-
Corporate loans.	-	29,016,062	-	-
	<b>31,986,244</b>	<b>58,593,313</b>	<b>-</b>	<b>-</b>
<b>28.2 Current</b>				
Bank loans	34,667,476	7,954,274	12,652,201	7,954,274
Corporate loans	3,879	-	3,879	-
Short term bank overdraft	14,985,381	4,974,584	14,616,257	4,974,584
	<b>49,656,736</b>	<b>12,928,858</b>	<b>27,272,337</b>	<b>12,928,858</b>
<b>29 Lease Liability</b>				
Lease rental payables	450,374	94,594	450,374	94,594
	<b>450,374</b>	<b>94,594</b>	<b>450,374</b>	<b>94,594</b>
The lease liability relates to NIPCO Plc lease rental payable to dealers.				
<b>30 Pension and Other Employee Obligations</b>				
Defined benefit liability.	1,332,983	1,137,935	1,332,983	1,137,935
	<b>1,332,983</b>	<b>1,137,935</b>	<b>1,332,983</b>	<b>1,137,935</b>

The current portion of these liabilities represents the Company's obligations to its current and former employees that are expected to be settled during 2023. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### 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 risk:

- **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 1.33 billion (1.14 billion for year 2022) are provision for post employment benefits. These balances were professionally valued by an Actuaries for the year ended 31 December 2023' 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:

	Group		Company	
	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>30.1 Defined Benefit Obligation</b>				
Defined benefit obligation 1 January	1,137,935.00	1,092,284	1,137,935	1,092,284
Current service cost before deduction of beneficiary contributions	99,926	108,050	99,926	108,050
Interest expense	139,004	104,448	139,004	104,448
Changes in discount rate assumption	(200,228)	(307,349)	(200,228)	(307,349)
Changes in salary rate assumption	198,203	135,832	198,203	135,832
Remeasurement – actuarial losses from changes in financial assumptions	138,150	195,960	138,150	195,960
Benefit paid	(180,007)	(191,290)	(180,007)	(191,290)
<b>Defined Benefit Obligation 31 December</b>	<b>1,332,983</b>	<b>1,137,935</b>	<b>1,332,983</b>	<b>1,137,935</b>
Unfunded				
<b>Wholly funded</b>	<b>1,332,983</b>	<b>1,137,935</b>	<b>1,332,983</b>	<b>1,137,935</b>

### 30.2 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 2023 by Giant Consultants Limited (Actuaries, Financial and Human Resource Consultant) - FRC/2024/PRO/NAS/002/974208 and Femi Odotola, Odulana (Fellow of the Consulting Actuaries (FCA)) - FRC/2013/NAS/00000001320.

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

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

Financial Assumptions	2023	2022
Long term average		
Discount rate per annum	14%	12%
Average pay increase per annum	15%	13%
Inflation rate	15%	13%

The Company assumes that salaries will increase at a real rate of 15% (2022 : 12%) per annum above inflation rate.

### 30.3 11Plc Retirement Benefits

#### Defined Contribution Plan

The benefit structure is described as follows:

Eligibility:	All confirmed employees of 11Plc.
Mandatory retirement age:	This is 60 for both male and female staff.
Early retirement:	Allowable from 45 with a minimum of 10 years company services.
Final pensionable salary:	This is the Annual Pensionable Salary (i.e. annual basic salary + annual housing allowance + annual transport allowance + vacation allowance + year end bonus + annual furniture allowance) at date of exit (death, retirement or withdrawal from service).
Years of service:	Accredited service is defined as the length of time, during which employee worked full-time for the Company prior to retirement or death or withdrawal.
Employee savings scheme:	This is payable at retirement and is calculated as 8.33% of annual pensionable salary and multiplied by the years of service, provided 5 years of qualifying service has been rendered at exit.
Pension scheme:	The Defined benefit pension scheme was converted to Defined Contribution on the 31st January 2017 for active employees.

#### Defined Benefit Plan

The 11Plc Defined benefit plan funding requirements are determined using PENCOM regulations. The plan was fully funded following PENCOM's approval in January 2017 to convert to a Defined Contribution Scheme for active employees. The Annuitants are still under the defined benefit scheme.

The valuation of the fund for Annuitants under the defined benefit scheme is as follows:

The valuation was carried out by Alexander Forbes Consulting Actuaries Nigeria (FRC/2012/002/00000000504 ) and Wayne Jaarsveld Van (FRC/2021/002/0000000024507).

	Group		Company	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
<b>Carrying Value</b>				
Pension liability	(615,139)	(651,722)	(615,139)	(651,722)
Fund at market value	271,540	391,897	271,540	391,897
	<b>(343,599)</b>	<b>(259,825)</b>	<b>(343,599)</b>	<b>(259,825)</b>

#### Plan Asset Classification Summary

Fixed deposit	93,604	176,391	93,604	176,391
Government bond	187,421	223,520	187,421	223,520
Cash	1,280	1,172	1,280	1,172
Receivables	321	406	321	406
Payables	(11,086)	(9,592)	(11,086)	(9,592)
	<b>271,540</b>	<b>391,897</b>	<b>271,540</b>	<b>271,540</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

### Key Assumptions Used

The following assumptions were also used by the Actuary in the calculation of the Company's Plan Expense, Plan Asset and Defined Benefit Obligation.

	2023	2022	2023	2022
Discount rates used	16.20%	17.00%	16.20%	17.00%

In order to measure the liability, the projected benefit obligation is discounted to a net present value as at the current balance sheet date.

IFRS through IAS 19 requires that the discount rate be determined on the company's balance sheet date by reference to market yields on high quality corporate bonds, except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on high Government bonds.

The discount rate should reflect the duration of liabilities of the benefit program.

The weighted average liability duration for the Plan is 4years. The average weighted duration of a similar Nigerian Government Bond as at 31st of December, 2023 was 4years with a gross redemption yield of 16.2%.

In view of the above, the actuary adopted 16.2% per annum as the discount rate for the current valuation.

Fund management and regulatory expenses are charged directly to the fund on an on-going basis.

Demographic Assumptions:

Mortality: The rate of mortality assumed in the plan are the rates in PA (90) ultimate table. The Mortality is age related.

Age now	Average number of death over 1,00 lives	
	Male	Female
60	161	70
70	386	204
80	896	582
90	1,942	1,552
100	3,713	3,530
110	5,913	6,814

	2023 N'000	2022 N'000	2023 N'000	2022 N'000
<b>31 Trade and Other Payables</b>				
<b>31.1 Non-Current</b>				
Due to related parties-	-	1,033,391	-	1,033,391
Deferred income-	4,505,343	5,969,681	-	-
	<b>4,505,343</b>	<b>7,003,072</b>	<b>-</b>	<b>1,033,391</b>
<b>31.1.1 Due to Related Parties</b>				
NIPCO Plc to Agric Chem	-	<b>1,033,391</b>	-	<b>1,033,391</b>
<b>31.2 Current</b>				
Trade payable	89,512,838	21,853,063	44,182,299	7,333,810
Contract liability	-	220,979	-	-
CHP/SAH current account	-	1,026,033	-	-
Customers deposit	-	30,450	-	30,450
Deferred income	7,309,724	12,149,005	3,167	11,217
Due to related parties	36,372,263	35,504,338	43,440,550	26,027,437
Other payables	51,966,606	51,873,184	45,683,731	48,121,666
	<b>185,161,431</b>	<b>122,657,052</b>	<b>133,309,747</b>	<b>81,524,580</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
<b>31.2.1 Due to Related Parties</b>				
NIPCO Plc to 11 Plc	-	-	20,229,053	22,675,198
NIPCO Plc to NIPCO Gas	-	-	20,532,125	-
11 Plc to Purebond	-	5,814,492	-	-
11 Plc to Agric Chem	30,940,772	20,861,856	-	-
NIPCO Gas to Agric Chem	2,752,119	5,475,751	461,318	-
NIPCO Plc to Agric Chem	461,318	-	-	-
NIPCO Plc to Purebond	2,218,054	3,352,239	2,218,054	3,352,239
	<b>36,372,263</b>	<b>35,504,338</b>	<b>43,440,550</b>	<b>26,027,437</b>

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.

**32 Contract and Other Liabilities**

Dividend payables	48,123	50,067	-	-
Service charge payable	-	78,800	-	-
Statutory payables	3,243,332	2,003,881	1,287,671	536,456
Other liabilities	103,523,507	76,466,805	81,368,870	63,545,953
Unclaimed dividend	2,075,989	2,452,286	683,676	847,732
PEF payable	13,899,868	13,443,371	12,878,870	10,815,154
Professional fees payable	53,144	43,700	27,019	26,875
	<b>122,843,963</b>	<b>94,538,910</b>	<b>96,246,106</b>	<b>75,772,170</b>

**33 Segment Reporting**

As at 31 December 2023, 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

	<b>Petroleum Products Marketing ₦'000</b>	<b>Compressed Natural Gas ₦'000</b>	<b>Liquefied Petroleum Gas Business ₦'000</b>	<b>Hospitality Services ₦'000</b>	<b>Investment Property Services ₦'000</b>	<b>Total ₦'000</b>
<b>31 December 2023</b>						
Revenue	1,056,312,292	24,248,583	142,376,565	20,612,043	-	1,243,549,483
Cost of sales	(1,002,132,264)	(11,075,502)	(118,571,054)	(14,118,601)	-	(1,145,897,421)
Operating expenses	(48,199,373)	(17,755,109)	(62,101)	(4,589,563)	(2,227,608)	(72,833,754)
Other income	8,635,547	3,180,186	-	280,914	9,547,693	21,644,340
Finance income	5,132,579	-	-	635,264	-	5,767,843
Finance cost	(12,159,948)	(2,540,041)	-	-	-	(14,699,989)
Profit before tax	<b>(3,941,883)</b>	<b>(3,941,883)</b>	<b>23,743,410</b>	<b>2,820,057</b>	<b>7,320,085</b>	<b>37,530,502</b>
Taxation	(4,833,503)	2,023,411	(725,073)	(2,176,119)	(2,480,645)	(8,191,929)
Profit after tax	<b>2,755,330</b>	<b>(1,918,472)</b>	<b>23,018,337</b>	<b>643,938</b>	<b>4,839,440</b>	<b>29,338,573</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**31 December 2022**

	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Revenue	690,961,854	11,752,616	133,412,012	14,123,114	-	850,249,596
Cost of sales	(643,113,529)	(5,318,159)	(112,421,767)	(10,869,197)	-	(771,722,652)
Operating expenses	(38,318,065)	(10,763,360)	(6,450,738)	(3,876,413)	(2,580,938)	(61,989,514)
Other income	7,993,949	1,467,209	-	106,804	8,224,994	17,792,956
Finance income	2,070,052	-	-	138,883	-	2,208,935
Finance cost	(5,533,264)	(1,284,411)	(1,068,371)	-	-	(7,886,046)
<b>Profit before tax</b>	<b>14,060,997</b>	<b>(4,146,105)</b>	<b>13,471,136</b>	<b>(376,809)</b>	<b>5,644,056</b>	<b>28,653,275</b>
Taxation	(5,053,076)	(4,549,394)	-	461,522	(1,898,632)	(11,039,580)
<b>Profit after tax</b>	<b>9,007,920</b>	<b>(8,695,499)</b>	<b>13,471,136</b>	<b>84,713</b>	<b>3,745,424</b>	<b>17,613,695</b>

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.

**34 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	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
<b>34.1 Ultimate controlling party - Purebond Limited</b>	2,218,054	9,166,731	2,218,054	3,352,239
<b>34.2 Related Company - Agri Chemical Limited</b>	33,692,891	27,370,998	461,318	1,033,391
<b>34.3 Transactions with Subsidiaries</b>				
NIPCO Investments Limited	-	-	128,647,207	101,901,880
NIPCO Gas Limited	-	-	(108,786)	18,274,437
22 Hospitality Limited	-	-	17,521,764	15,098,300
<b>34.4 Transactions with Sub-subsidiaries</b>				
11 Plc	-	-	2,414,708	10,524,122
11 Hospitality Limited	-	-	2,637	107,531

**34.5 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 (Wali 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	
	2023 Number	2022 Number	2023 Number	2022 Number
10,000,000 and above	5	5	3	3
	<b>5</b>	<b>5</b>	<b>3</b>	<b>3</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2023**

**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	
	2023 ₦'000	2022 ₦'000	2023 ₦'000	2022 ₦'000
<b>34.5.1 Directors</b>				
Fees	225,498	250,570	20,500	26,100
<b>Chairman</b>	<b>89,234</b>	<b>87,866</b>	<b>12,600</b>	<b>12,000</b>
<b>Highest paid Director</b>				

**35 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.

**36 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 2023 that have not been adequately provided for or disclosed in the financial statements.

**37 Authorization of Financial Statements**

The financial statements for the year ended 31 December 2023 were approved by the Board of Directors on **26 June 2024**.

# OTHER NATIONAL DISCLOSURES

**CONSOLIDATED STATEMENT OF VALUE ADDED  
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Group				Company			
	2023 ₦'000	%	2022 ₦'000	%	2023	%	2022 ₦'000	%
Revenue	1,243,549,483		850,249,596		780,079,582		461,264,956	
Other income	21,644,340		17,792,956		7,693,066		6,931,966	
Bought materials and services	(1,179,820,926)		(765,639,164)		(758,865,200)		(422,807,308)	
<b>Value Added</b>	<b>85,372,897</b>	<b>100</b>	<b>102,403,388</b>	<b>100</b>	<b>28,907,448</b>	<b>100</b>	<b>45,389,614</b>	<b>100</b>
<b>Applied as follows:</b>								
<b>To Pay Employees:</b>								
Salaries, wages and other benefits	3,449,376	4	5,159,249	5	2,111,630	7	1,468,640	3
<b>To Pay Government:</b>								
Income and education taxes	11,669,846	14	6,211,182	6	4,362,365	15	2,698,662	6
<b>To Pay Providers of Capital:</b>								
Finance costs	14,699,989	17	7,886,046	8	8,405,006	29	4,946,333	11
<b>Assets Replacement Provision:</b>								
Depreciation & amortisation	25,795,834	30	20,103,447	20	8,956,350	31	6,079,980	13
<b>To Provide for the Future:</b>								
Retained profit/(loss)	29,757,852	35	63,043,464	62	5,072,097	18	30,195,999	67
	<b>85,372,897</b>	<b>100</b>	<b>102,403,388</b>	<b>100</b>	<b>28,907,448</b>	<b>100</b>	<b>45,389,614</b>	<b>100</b>

Value added represents the wealth created through the efforts of the Company, its management and employees. The statement shows the distribution of the generated wealth amongst employees, the government, providers of capital, assets replacement provisions and amount retained for future creation of wealth.

## 5 YEARS FINANCIAL SUMMARY

	Group				
	2023	2022	2021	2020	2019
	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Assets Employed</b>					
Non-current assets	343,058,844	348,099,710	280,733,493	274,447,580	271,325,938
Current assets	300,280,985	171,537,370	111,951,499	81,872,490	80,071,780
<b>Total Assets</b>	<b>643,339,829</b>	<b>519,637,080</b>	<b>392,684,992</b>	<b>356,320,070</b>	<b>351,397,717</b>
<b>Financed By</b>					
Share capital	187,668	187,668	187,668	187,668	187,668
Share premium	2,010,588	2,010,588	2,010,588	2,010,588	2,010,588
Other components of equity	125,118,913	120,617,323	75,187,554	77,707,228	78,460,793
Retained earnings	65,658,530	63,132,837	40,432,190	36,375,147	35,235,231
Non-controlling interest	14,516,457	18,028,559	7,524,753	8,685,878	8,507,164
Non-current liabilities	64,022,530	79,244,976	97,636,169	70,296,380	101,061,696
Current liabilities	371,825,143	236,415,129	169,706,070	161,057,181	125,934,576
<b>Total Equity and Liabilities</b>	<b>643,339,829</b>	<b>519,637,080</b>	<b>392,684,992</b>	<b>356,320,070</b>	<b>351,397,717</b>
<b>Statement of Profit or Loss</b>					
Revenue	1,243,549,483	850,249,596	551,350,194	428,819,137	443,950,869
Profit before tax	37,530,502	28,653,275	10,162,745	6,689,504	14,384,037
Income tax expense	(8,191,929)	(11,039,580)	(4,464,509)	(3,621,578)	(8,405,040)
<b>Profit for the year</b>	<b>29,338,573</b>	<b>17,613,695</b>	<b>5,698,236</b>	<b>3,067,926</b>	<b>5,978,997</b>
<b>Attributable to:</b>					
Owners of the Company	25,225,066	14,669,964	4,620,046	1,702,921	3,894,845
Non-controlling interest	4,113,507	2,943,731	1,078,190	1,365,005	2,084,152
<b>Per Share Data {in NGN}</b>					
Earnings per share	156.33	93.86	30.36	16.35	31.86
Total assets per share	3,428.07	2,768.92	2,092.44	1,898.67	1,872.44

The calculation of Earning Per Share EPS and Total Asset Per Share for each of the years are based on the Ordinary Share Capital in issue on each period end date.

## 5 YEARS FINANCIAL SUMMARY

	Company				
	2023	2022	2021	2020	2019
	₦'000	₦'000	₦'000	₦'000	₦'000
<b>Assets Employed</b>					
Non-current assets	80,983,435	85,135,228	60,161,898	61,784,351	64,708,214
Current assets	293,302,769	197,184,158	165,846,584	153,640,244	128,438,463
<b>Total Assets</b>	<b>374,286,204</b>	<b>282,319,386</b>	<b>226,008,482</b>	<b>215,424,595</b>	<b>193,146,676</b>
<b>Financed By</b>					
Share capital	187,668	187,668	187,668	187,668	187,668
Share premium	2,010,588	2,010,588	2,010,588	2,010,588	2,010,588
Other components of equity	71,014,583	71,150,708	49,228,077	49,201,790	49,527,395
Retained earnings	20,106,251	33,001,593	25,338,147	23,889,742	22,778,486
Non-controlling interest	-	-	-	-	-
Non-current liabilities	19,326,186	2,949,683	18,106,903	9,930,518	21,089,335
Current liabilities	261,640,928	173,019,146	131,137,099	130,204,288	97,553,204
<b>Total Equity and Liabilities</b>	<b>374,286,204</b>	<b>282,319,386</b>	<b>226,008,482</b>	<b>215,424,595</b>	<b>193,146,676</b>
<b>Statement of Profit or Loss</b>					
Revenue	780,079,582	461,264,956	298,978,291	288,615,228	279,838,138
Profit before tax	9,620,211	10,972,030	4,052,483	3,246,583	2,984,324
Income tax expense	(4,411,989)	(2,698,662)	(2,041,074)	(1,572,321)	(1,632,388)
<b>Profit for the year</b>	<b>5,208,222</b>	<b>8,273,368</b>	<b>2,011,409</b>	<b>1,674,262</b>	<b>1,351,936</b>
<b>Per Share Data {in NGN}</b>					
Earnings per share	27.75	44.09	10.72	8.92	7.20
Total assets per share	1,994.41	1,504.36	1,204.30	1,147.90	1,029.19
Dividend per share	5.00	5.00	3.25	3.00	3.00

The calculation of Earning Per Share EPS and Total Asset Per Share for each of the years are based on the Ordinary Share Capital in issue on each period end date.

**CROSS SECTION OF ELATED SHAREHOLDERS**



**1** Cross section of elated shareholders during the 2022 Annual General Meeting held at Abuja Continental Hotel, FCT, Abuja.

**2** AGM Corporate Affairs, NIPCO, Lawal Taofeek; Chairman International Energy Services Dr. Diran Fawibe; Managing Director, NIPCO Gas Ltd, Nagendra Verma and Editor in Chief, Energy Times Newspaper, Kayode Ekundayo at the presentation of Most Innovative Gas Company of the Year to the company during the Newspaper’s maiden awards event in Lagos.

**EVENTS IN THE AGM**



**LONG SERVICE AWARDS**



**3** Group photograph of 2023 Long Service Awards recipients with executive management in Lagos.

**4** Human Capital Development: Employees of NIPCO Plc at human resource program of the company on skills development in Lagos.

**HUMAN CAPITAL DEVELOPMENT**



## NOTES

## NOTES

## NIPCO PLC PROXY FORM

The 20th Annual General Meeting of NIPCO PLC will be held at the Ladi Kwali Hall of ABUJA CONTINENTAL HOTELS (formerly Sheraton Hotels, Abuja), 1, Ladi Kwali Way, Maitama, Abuja on Wednesday August 7, 2024 At 12.00noon.

I/We.....being a member/members of NIPCO Plc, hereby appoint.

..... or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us or on my/our behalf at the Annual General Meeting of the Company to be held on August 7, 2024 and at any and every adjournment thereof:

Dated this ..... day of ..... 2024

Shareholder's signature.....  
A member (shareholder) who is unable to attend an Annual General Meeting is allowed by law to vote by Proxy. The above proxy Form has been prepared to enable you exercise your right to vote in case you cannot personally attend the meeting.

Provision has been made on this form for the Chairman of the Meeting to act as your proxy, but if you wish you may insert in the blank space marked\*\* on the form, the name of any person, whether a member of the Company or not, who will attend the meeting and vote on your behalf instead of the Chairman of the meeting.

No.	Resolutions	VOTES	
		For	Against
1.	To declare a Dividend;		
2.	To lay before the members, the Audited Financial Statements, the Reports of the Directors, Report of Auditors and Statutory Audit Committee thereon;		
3.	To authorize the Directors to fix the remuneration of the External Auditors for the 2023 financial year;		
4.	To disclose the remuneration of the Managers;		
5.	To elect / re-elect Directors;		
6.	To elect /re-elect members of the Statutory Audit Committee;		
	To consider and if thought fit, pass the following resolution as ordinary resolutions of the Company.		
7.	To fix the remuneration of the Directors.		
8.	To appoint Messrs Ngozi Monica Okonkwo & Co. as the External Auditors of the Company.		

Please indicate an 'X' in the appropriate box how you wish your votes to be cast on the resolutions referred to above. Unless otherwise instructed, the proxy will vote or abstain from voting at his discretion.

Please sign the above and post it so as to reach the address shown overleaf not later than 48 hours before the date of the Annual General Meeting If executed by a corporation, the proxy form should be sealed with the common seal. The proxy must produce the Admission Card sent with the Notice of the Meeting to obtain entrance to the Meeting.

.....  
*Before posting the above card, tear off this part and retain it for admission into the meeting.*

### ADMISSION CARD

#### NIPCO PLC

Please admit ..... to the Annual General Meeting of NIPCO Plc which will be held at 12noon on August 7, 2024 at Ladi Kwali Hall of ABUJA CONTINENTAL HOTELS (formerly Sheraton Hotels, Abuja), 1, Ladi Kwali Way, Maitama, Abuja, Nigeria.

Signature of person attending .....

**IMPORTANT:**

- a) This admission card must be produced by the shareholder or his proxy in order to obtain entrance to the Meeting.

*Fold here*

---

*Please affix  
Postage Stamp*

*The Registrar,  
CORONATION Registrars Limited,  
9, Amodu Ojikutu Street,  
Off Bishop Oluwole Street,  
Victoria Island,  
Lagos State.*

---

*Fold here*

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