

# **NIPCO PLC**



## **CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021**

**NIPCO PLC**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

<b>Contents</b>	<b>Page</b>		<b>Page</b>
<b>Corporation Information</b>	1	Property, plant and equipment	45
<b>Financial Highlights</b>	2	Investment property	47
<b>Directors' Report</b>	3	Right of use assets	48
<b>Corporate Governance Report</b>	5	Goodwill	50
<b>Statement of Directors' Responsibilities</b>	10	Other intangible assets	51
<b>Statement of Corporate Responsibility for Financial Statements</b>	11	Inventories	52
<b>Report of the Audit Committee</b>	12	Trade and other receivables	52
<b>Report of the Independent Auditors</b>	13	Cash and cash equivalents	53
<b>IFRS Consolidated Financial Statements</b>		Equity	53
Consolidated statement of profit or loss and other comprehensive income	15	Trade and other payables	55
Consolidated statement of financial position	16	Contract and other liabilities	56
Consolidated statement of changes in equity	17	Related party transactions	56
Consolidated statement of cash flows	19	Contingent liabilities	57
<b>Notes to the Consolidated Financial Statements</b>		Capital management policies	58
Earnings per share	15	Evens after reporting date	58
Nature of operation	20	Authorisation of financial	58
General information, statement of compliance with IFRS and going concern assumption	20	<b>Other National Disclosures</b>	
New or revised Standards or Interpretations	21	Statement of value added	60
Significant accounting policies	24	Five years financial summary	61
Fair value measurement	34		
Interests in subsidiaries	40		
Segment reporting	41		
Revenue	42		
Finance costs and finance income	43		
Employee remuneration	43		
Income tax expense/liability and Deferred tax expense/assets or liabilities	44		

**NIPCO PLC**

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

**REGISTRATION NUMBER:** RC 399339

**BOARD OF DIRECTORS:**

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

**HEAD OFFICE:** 1 & 15 Dockyard Road,  
Apapa, Lagos State

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

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

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

**NIPCO PLC**  
**FINANCIAL HIGHLIGHT**

	<b>Group</b>			<b>Company</b>		
	<b>2021</b> <b>₦,000</b>	<b>2020</b> <b>₦,000</b>	<b>Change %</b>	<b>2021</b> <b>₦,000</b>	<b>2020</b> <b>₦,000</b>	<b>Change %</b>
Revenue	551,350,193	428,819,137	29%	298,978,290	288,615,228	4%
Profit before taxation	10,544,615	6,689,504	58%	4,052,489	3,246,583	25%
Taxation	(4,846,363)	(3,621,578)	34%	(2,041,074)	(1,572,321)	30%
Profit after taxation	5,698,252	3,067,926	86%	2,011,415	1,674,262	20%
Total comprehensive income	3,178,577	2,314,361	37%	2,037,701	1,348,656	51%
Earnings per share	30.36	16.35	86%	10.72	8.92	20%
Total assets	392,684,980	356,320,070	10%	226,008,471	215,424,595	5%
Authorised share capital (N1 per share)	300,000	300,000	0%	300,000	300,000	0%
Issued and fully paid share capital (Units)	187,668	187,668	0%	187,668	187,668	0%

## NIPCO PLC

### DIRECTORS REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The directors submit their report together with the audited consolidated financial statements for the year ended 31 December 2021, which disclose the state of affairs of the company.

#### Legal Form

The company was incorporated as a private limited liability company on 08 January 2001 with an authorised share capital of 1,000,000 ordinary shares of ₦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 distribution of petroleum products to IPMAN members and others. The group also deals in Liquefied Petroleum Gas (LPG), Compressed Natural Gas (CNG) and aviation fuel.

#### Directors

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

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

#### Directors Shareholding

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

	No of Shares
Chief (Dr) Bestman P. Anekwe	700,000
Tunji Adeniji	87,500
Alhaji Abdulkadir Aminu (Sarkin Hurmi Adamawa)	87,500
Alhaji Habu Jajire (Alternate to B. S. Kansagra)	100,000

#### 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.

#### Subsidiaries

The parent company has 4 subsidiaries (NIPCO Investments Limited, NIPCO E&P Limited and NIPCO Gas Limited), and a sub-subsidiary (11 Plc). 11 Plc has a subsidiary called 11 Hospitality Limited. They engage in the sale of compressed natural gas (CNG), investment activities, hotel services and buying, storing, selling and marketing of petroleum products and liquified natural gas (LPG).

#### Donations and Charitable Gifts

There was no donation made during the year.

NIPCO PLC

DIRECTORS REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021

**Human Resources**

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

**Employee involvement and training**

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

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

**Independent Auditors**

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

**Major shareholding**


According to the Register of Members, Purebond Limited of Portland House, 69/71 Wembley Hill Road, Wembley, Middlesex, HA9 8BU, England, has 120,000,000 ordinary shares of N1.00 each representing 64% of the issued share capital of the company. No other shareholder held more than 10% of the share capital of the company as at the reporting date.

**Analysis of shareholding**

	Range		No. of Holders	Units
1	-	100,000	938	29,498,514
100,001	-	500,000	83	19,609,544
500,001	-	1,000,000	17	14,357,352
1,000,001	-	and Above	4	124,202,919
<b>Total</b>			<b>1,042</b>	<b>187,668,329</b>

**Proposed dividend**

Based on the current performance of the company, the Directors are proposing a dividend of ₦3.25k per share for the year ended 31 December 2021.

  
BY ORDER OF THE BOARD  
P. C. OBI & CO  
COMPANY SECRETARIES  
FRC/2014/NBA/00000009234  
LAGOS, NIGERIA.

## NIPCO PLC

### CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Introduction

NIPCO Plc ("the company") sees good corporate governance, good risk management and internal control as key elements in a successful business and a prerequisite to maintain trust among customers, shareholders, authorities and stakeholders. This facilitates effective entrepreneurial and prudent management, thereby contributing to the long term success of the company's business.

Corporate governance remains a dynamic issue, which requires ongoing implementation and embedding the organization's culture. The Board's approach to governance is to keep track of development and adopt those practices that are most relevant to the company to strengthen its competitive advantages once they become part of its operating reality.

#### 2 The Board of Directors

The company is governed by a Board of Directors comprising Directors, and it is a crucial part of the company's corporate structure. The Board has the overall responsibility of managing the affairs of the company and may delegate responsibility to the Chief Executive Officer and to other senior management. It is fully cognizant of its role to provide oversight and strategic counsel with its responsibility to ensure conformance with regulatory requirements and acceptable risk tolerance parameters.

The Board recognizes that there is a limit to the effectiveness of prescriptive governance rules and compliance with the letter of the law, thus, it is proactive about not just ensuring compliance with the regulatory codes of corporate governance, but also embraces the spirit of the principles in their business practices.

#### 3 Responsibilities of the Board

In fulfilling its role as the body charged with the responsibility for the corporate governance framework of the company which ensures robust strategic guidance of the company, effective monitoring of management, and accounting to the shareholders, its stated responsibilities include:

- \* Reviewing and guiding corporate strategy, major plans of action, risk policies, annual budgets and business plans, setting performance objectives, monitoring implementations and corporate performance, and overseeing major capital expenditures, acquisitions and diversities.
- \* Monitoring the effectiveness of the company's governance practices and making changes where necessary.
- \* Selecting, compensating, monitoring and when necessary, replacing key executives and overseeing succession planning.
- \* Aligning key executive and board remuneration with the long term interests of the company and its shareholders.
- \* Ensuring a formal and transparent board nomination and election process.
- \* Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.
- \* Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control and compliance with the law and relevant standards.
- \* Exercising objective independent judgment on corporate affairs by appointing a sufficient number of non-executive Board members capable of exercising independent judgment to tasks where there is a potential conflict of interest.

In discharging its responsibilities, the Board seeks to set, promote and demonstrate adherence to clear values and ethical standards for the company. The Board also remains cognizant of the need to observe the duties owed by directors in law, including the overriding duty for each director to act in the way he considers, in good faith, will be most likely to promote the success of the company for the benefit of its members as a whole, whilst balancing the interest of stakeholders (the company's Shareholders, Customers and the broader community).

## NIPCO PLC

### CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

#### Responsibilities of the Board (Cont'd)

The Board discharges its responsibilities through an annual programme of board and other meetings. Through a planned programme of board agenda, the Board ensures that all necessary matters are discussed. The Board meets at least once in every quarter and additional meetings are convened as may be necessary. Prior to board meetings, the Company Secretary coordinates the development of the agenda in a timely and effective manner for approval by the Chairman and ensures the timely dispatch of the agenda and board papers to all the Directors.

The Board is afforded sufficient time for debate and challenge, particularly in respect of strategy and risk, including risk appetites. The Board also seeks to allow sufficient opportunity for the review of past decisions where necessary. At board meetings, the Board receives and considers papers and presentations from management in respect of matters under review.

#### 4 Composition

As at 31 December 2021, the Company had 12 Directors comprised of a Non-Executive Chairman, 2 Executive Directors and 9 Non-Executive Directors.

#### 5 Roles of the Chairman and the Chief Executive Officer

In accordance with recognised practice of good corporate governance, there is a clear division of responsibilities between the running of the board and the executive responsibility for the running of the company's business. No one person has unfettered powers of decision. The roles of the Chairman and Chief Executive are separate and distinct.

The Chairman, Chief (Dr) Bestman P. Anekwe, is a Non-Executive Director and he leads the Board. He is responsible for creating the conditions for, and for ensuring an effective board and effective contributions from internal directors, based on a culture of mutual respect, openness, debate and constructive challenge. The Chairman is in frequent contact with the Managing Director, meeting face to face or by telephone at least once each week. The Chairman also keeps the non-executive directors up to date with significant developments between board meetings.

The Managing Director, Mr Suresh Kumar, has day to day management responsibility for the running of the company's operations, and the implementation of strategy and policies agreed by the Board. The Board has given the Managing Director broad authority to operate the business of the company. The Managing Director promotes the company's culture and standards, including appropriate standards.

#### 6 Non-Executive Directors

The responsibilities of the Non-Executive Directors of the company are as follows:

- \* Monitoring and scrutinizing the performance of management in meeting agreed goals, strategy and objectives.
- \* Ensuring that the financial information produced by the company is accurate and that the financial controls and system of risk management are both robust and defensible.
- \* Determining appropriate levels of remuneration of executive directors, and recommending the appointment, and where necessary removal of executive directors and in succession planning.
- \* Promoting the highest standards of corporate governance and seeks compliance with the provisions of the SEC Code.
- \* Supporting the Chairman and the Managing Director in their leadership roles while monitoring their conducts.

**NIPCO PLC**

**CORPORATE GOVERNANCE REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

**7 Attendance at Board Meetings**

The primary reasons for holding meetings is to allow the Board to make decisions and providing a forum where the Directors regularly come together to focus on their roles and responsibilities, identify the challenges facing the company and plan for the future.

The table below shows the number of Board meetings held within the review period and members' attendance.

<b>Date of meetings &amp; attendance</b>					
<b>Name &amp; Designation</b>	<b>30-Mar-21</b>	<b>10-May-21</b>	<b>1-Jun-21</b>	<b>9-Sep-21</b>	<b>17-Dec-21</b>
Chief (Dr) Bestman P. Anekwe	√	√	√	√	√
Suresh Kumar	√	√	√	√	√
Alhaji Abdulkadir Aminu (Sarkin Hurmi Adamawa)	√	√	√	√	√
Ramesh Virwani	√	√	x	√	x
Tunji Adeniji	√	√	√	√	x
Alhaji Umaru Ngelzarma	√	√	√	√	√
Ramesh Kansagra	√	√	√	√	√
Alhaji Habu Jajire	√	√	√	x	√
Rishi Kansagra	√	√	√	√	√
Grace O. Idowu (Mrs.)	√	√	√	√	√
Alhaji Sani Yau	√	√	√	√	√
Alhaji Sharif Usmania	√	√	√	√	√

**8 Board Committees**

The Board carries out its oversight roles through its committees, each of which has Terms of Reference that clearly defines its purpose, composition, structure, and duties. The Board retains responsibility for final decision making upon recommendation made to the Board through these Committees.

The Board has established the underlisted committee.

\* **The Statutory Audit Committee**

The Chairman of the Board is not a member of any of the committees, in line with good corporate governance practice.

**9 Statutory Audit Committee**

In compliance with section 404 of the Companies and Allied Matters Act 2020 and Securities and Exchange Commission Code of Corporate Governance, the Statutory Audit Committee was established by the Board of the Company.

The Committee consists of 6 (five) members comprising of 3 (three) shareholders and 2 Directors which forms part of the internal audit mechanism created by the Company to ensure financial regulatory and risk management compliance to financial laws and practices.

The functions of the Statutory Audit Committee as listed in the Terms of Reference include:

- \* Overseeing financial reporting and disclosure process of public companies
- \* Monitoring choice of accounting policies and principles
- \* Overseeing the hiring and performance and independence of External Auditors
- \* Overseeing regulatory compliance of financial reporting standards, ethics & whistle-blowing activism.
- \* Monitoring of internal control process
- \* Overseeing the performance of internal Audit duties and
- \* Evaluating risk management policies and practices, amongst others.

## NIPCO PLC

### CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Membership of the Committee and record of attendance at meetings during the review period are as follows:

Dates of meetings & attendance		
Name & Designation	1-May-21	10-May-21
Alhaji Aminu Adamu -Chairman	√	√
Mrs. Grace O. Idowu - Director/Member	√	√
Mr Ramesh Virwani - Director/ Member		
Mr Joseph Igbinigie - Member		
Mrs. Ngozi Aniemena - Member	√	√

#### 10 Directors' Continuous Professional Development

All Directors are aware of their responsibilities to the shareholders and have exercised their duties with care, skill and diligence in pursuit of the development of the company.

The Directors are supplied in a timely manner with all relevant documentation and financial information to assist them in the discharge of their duties. This includes information on the company's operational and financial performance.

Newly appointed Directors receive comprehensive and formal induction to ensure that they have a proper understanding of the business of the company and are aware of their duties and responsibilities as directors under the applicable laws.

Each Director is entitled to request for information to enable him/her to make informed opinions and adequately discharge his/her duties.

#### 11 Performance Evaluation

With the aim of improving effectiveness, the Board undertakes annual evaluation of its own performance and that of its committees and individual directors. The evaluation, which is led by the Chairman, aims to be rigorous and objective as possible.

The process of evaluation of the board considers its strengths and weaknesses, the range and balance of skills, experience, independence and knowledge of the company on the board, its diversity, how the Board works together as a unit and any other factor considered relevant to its effectiveness. Individual evaluation aims to show whether each director continues to contribute effectively and to demonstrate commitment to the role (including time commitment). The Chairman acts on the results of the performance evaluation. The strengths are recognised and any weaknesses are addressed.

#### 12 Information and Support

The Board has in place processes to ensure that it is supplied in a timely manner with information in a form and of a quality appropriate to enable it to discharge its duties. The Chairman, through the Company Secretary and with the support of the Managing Director and management ensures that this information is of high quality in terms of accuracy, clarity, appropriateness, comprehensiveness and currency. Directors are able to seek clarifications or amplification from management where necessary.

#### 13 Independent Professional Advice

The Directors have a right to seek professional independent advice at the expense of the company, from any legal, accounting or other expert where the need arises, in the fulfilment of their responsibilities and performance of their duties in relation to the company's affairs.

The Company Secretary is also available at all times to provide advice to the Board on all corporate governance matters applicable to the company.

#### 14 Accountability and Audit

##### 14.1 Financial reporting

The Directors are responsible for preparing the consolidated financial statements of the company and ensuring that the consolidated financial statements are prepared in accordance with statutory requirements and applicable accounting standards. The Board also ensures timely publication of the consolidated financial statements of the company.

Management provided the Board with regular financial updates to enable the Board to give a balanced and understandable assessment of the company's position.

## NIPCO PLC

### CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

#### Corporate Governance Report (Cont'd)

##### 14.2 Internal control and risk management

The Board has the overall responsibility for reviewing the effectiveness of the company's internal control and ensuring that the controls are effective to protect the investors' interests.

Following from the above, the Board, with the support of the Statutory Audit Committee had reviewed the adequacy of resources, qualifications and experience of members of staff of the accounting and reporting department within the review period.

##### 14.3 Whistle-blowing policy

Whistle-blowing policies have been established for employees and all those who deal with the company, in furtherance of the company's aim to improve corporate governance in the organisation.

The purpose of the whistle-blowing policy is to ensure that there is a process whereby genuine concerns about the company are reported for investigation without any fear of dismissal or retaliation.

#### 15 Company Secretary

The Company Secretary is the company's compliance officer and is responsible for guiding the Board in discharging its regulatory responsibilities. The Company Secretary also plays a role in the company's corporate governance and is responsible to the Board in respect of compliance with board procedures. Under the direction of the Chairman, the Company Secretary's responsibilities include ensuring good information flows within the board and its committees and between management.

The Directors have unlimited access to the advice and services of the Company Secretary.

#### 16 Shareholders participation and protection of shareholders' rights

The role of shareholders is recognised as critical for good corporate governance practice. Shareholders do not assume responsibility for day-to-day management of a company. However, they influence the corporate governance practice of the company through exercising influence on fundamental matters such as the composition of the Board, amendments to the company's roles, and approving transactions.

Shareholders exercise their influence primarily through voting at and/or attending general meetings. The principle that shareholders should be given the opportunity to participate effectively and vote at general meetings is adopted by the company as a key component of a good corporate governance framework.

All general meetings of shareholders are convened by the Board in accordance with the provisions of the Companies and Allied Matters Act 2020 and notices of meetings, agenda and all other statutory notices are communicated to the shareholders within the time specified by the laws.

The Annual General Meeting is conducted in a transparent and fair manner and it is an opportunity for shareholders to express their views on all matters relating to the company.

#### 17 Declaration of Interests

All directors have a duty under the Companies and Allied Matters Act 2020 to avoid a situation in which they have, or could have, a direct or indirect conflict of interest or possible conflict of interest with the company and, in certain circumstances, to abstain from participating in any discussion or voting on matters in which they have a material personal interest.

NIPCO PLC

STATEMENT OF DIRECTORS RESPONSIBILITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

The Companies and Allied Matters Act 2020 requires the Directors to prepare consolidated 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 2020;
- Establishes adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- Prepares its consolidated 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 consolidated financial statements which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates in conformity with the International Financial Reporting Standards (IFRS), Financial Reporting Council Act No. 6, 2011 and the Companies and Allied Matters 2020.

The Directors are of the opinion that the consolidated 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 consolidated financial statements as well as adequate systems of internal financial control.

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



---

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



---

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

NIPCO PLC

STATEMENT OF CORPORATE RESPONSIBILITY FOR FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021

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 2021 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 2021;
- 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 21st day of April 2022

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

  
Chiranjibi Roka  
Chief Financial Officer

## NIPCO PLC

### REPORT OF THE STATUTORY AUDIT COMMITTEE FOR THE YEAR ENDED 31 DECEMBER 2021

In compliance with the provisions of Section 404 (7) of the Companies And Allied Matters Act 2020, the committee reviewed the audited consolidated financial statements of the company for the year ended 31 December 2021 and report as follows:

- 1 The accounting and reporting policies of the company are consistent with legal requirements and agreed ethical practices.
- 2 The scope and planning of the external audit was adequate.
- 3 The company maintained effective systems of accounting and internal control during the year.
- 4 The company's management adequately responded to matters covered in the management report issued by the External Auditors.

**Alhaji Aminu Adamu**  
**Chairman, Statutory Audit Committee**

Members of the Statutory Audit Committee are:

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

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

### Opinion

We have audited the consolidated financial statement of **NIPCO PLC (the "Company")**, and its subsidiaries (the "Group"), which comprise of the consolidated statement of financial position as at **31 December 2021**, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Financial Reporting Council of Nigeria Act No. 6, 2011 and the provision of the Companies and Allied Matters Act, 2020.

### Basis for Opinion

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

### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. We have communicated the key audit matters to those charged with governance (TCWG). The key audit matters are not a comprehensive reflection of all matters discussed. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to be communicated in our report.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our

assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### Other information

The directors are responsible for the other information. The other information comprises of the Managing Director's Foreword, Chairman's Statement, Report of the Directors, Corporate Governance Report, Statement of Directors' Responsibilities, Report of the Statutory Audit Committee and Other National Disclosures, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date.

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

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as

#### Chartered Accountants

#### Grant Thornton Nigeria

2A Ogalade Close  
Off Ologun Agbaje Str.  
Off Adeola Odeku Str.  
Victoria Island, Lagos  
P. O. Box 5996 Surulere,  
Lagos - Nigeria.

T +2348167149350

T +2349071259650

T +2348057849477

LinkedIn: grantthorntonigeria

[www.grantthornton.com.ng](http://www.grantthornton.com.ng)

applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Group's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- i) Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control
- iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- iv) Conclude on the appropriateness of management's use of the going concern of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to

the related disclosures in the consolidated 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

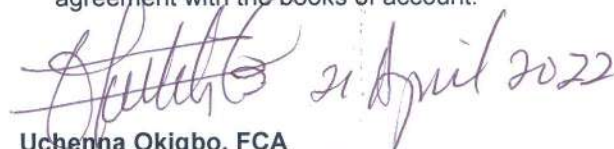
- v) Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transaction and events in a manner that achieves fair presentation.

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

### Report on Other Legal and Regulatory Requirements

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

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



**Uchenna Okigbo, FCA**  
FRC/2016/ICAN/00000015653

**For: GRANT THORNTON**  
**(Chartered Accountants)**  
**LAGOS, NIGERIA.**



NIPCO PLC

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Group		Company	
		2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
Revenue	9	551,350,193	428,819,137	298,978,290	288,615,228
Cost of sales	10	(507,639,237)	(396,427,765)	(278,167,748)	(271,567,639)
<b>Gross Profit</b>		<b>43,710,956</b>	<b>32,391,372</b>	<b>20,810,542</b>	<b>17,047,589</b>
Other income	11	13,822,088	13,114,605	3,629,966	3,380,600
Selling and marketing costs	12	(12,309,771)	(9,394,631)	(4,486,803)	(2,907,098)
Administrative expenses	13	(32,750,078)	(27,116,846)	(14,846,148)	(12,220,166)
<b>Operating Profit</b>		<b>12,473,195</b>	<b>8,994,500</b>	<b>5,107,557</b>	<b>5,300,926</b>
Finance costs	14	(3,008,743)	(2,603,651)	(1,833,173)	(2,123,620)
Finance income	15	1,080,163	298,656	778,105	69,277
<b>Profit Before Income Tax</b>		<b>10,544,615</b>	<b>6,689,504</b>	<b>4,052,489</b>	<b>3,246,583</b>
Tax expense	17	(4,846,363)	(3,621,578)	(2,041,074)	(1,572,321)
<b>Profit for the Year</b>		<b>5,698,252</b>	<b>3,067,926</b>	<b>2,011,415</b>	<b>1,674,262</b>
<b>Other Comprehensive Income</b>					
<b>Items that will not be reclassified subsequently to Profit or Loss</b>					
Loss on subsequent acquisition of Non-controlling interest by owners of parent		(2,545,961)	(427,959)	-	-
Remeasurement gain on net defined benefit obligation		26,286	(325,605)	26,286	(325,605)
<b>Other Comprehensive Income for the Year, Net of Tax</b>		<b>(2,519,674)</b>	<b>(753,564)</b>	<b>26,286</b>	<b>(325,605)</b>
<b>Total Comprehensive Income for the Year</b>		<b>3,178,577</b>	<b>2,314,361</b>	<b>2,037,701</b>	<b>1,348,656</b>
<b>Total Comprehensive Income for the year attributable to:</b>					
Non-controlling interest		1,078,190	1,365,005	-	-
Owners of the parent		2,100,387	949,356	-	-
		<b>3,178,577</b>	<b>2,314,361</b>	<b>-</b>	<b>-</b>

**Earnings per share from continuing operations attributable to owners during the year: (expressed in naira per share)**

Basic Earnings Per Share (BEPS)	30.36	16.35	10.72	8.92
---------------------------------	-------	-------	-------	------

The statement of accounting policies and notes on pages 22 to 58 form an integral part of these financial statements.

NIPCO PLC


CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2021

	Notes	Group		Company	
		2021 N,000	2020 N,000	2021 N,000	2020 N,000
<b>Assets</b>					
<b>Non-current Assets</b>					
Goodwill	21	115,130,958	115,130,958	-	-
Property, plant & equipment	18	138,372,025	116,917,005	59,061,418	58,935,722
Investment property	19	15,485,566	18,222,890	-	-
Right-of-use assets	20	2,344,571	2,285,835	532,021	427,953
Other intangible assets	22	9,216	21,164	-	-
Capital work in progress	23	8,859,029	19,479,169	(0)	7,350
Investment in subsidiary	24	450,588	0	510,588	60,000
Other long-term financial assets	25	57,870	2,353,326	57,870	2,353,326
Prepayments	28	23,673	37,234	-	-
		<b>280,733,496</b>	<b>274,447,580</b>	<b>60,161,896</b>	<b>61,784,351</b>
<b>Current Assets</b>					
Inventories	27	22,951,469	14,014,047	4,870,895	4,957,298
Prepayments	28	11,203,433	4,812,009	74,752	51,963
Trade and other receivables	29	39,601,950	37,128,401	144,527,685	133,872,267
Cash and cash equivalents	30	38,194,632	25,918,033	16,373,242	14,758,717
		<b>111,951,484</b>	<b>81,872,490</b>	<b>165,846,575</b>	<b>153,640,244</b>
<b>Total Assets</b>		<b>392,684,980</b>	<b>356,320,070</b>	<b>226,008,471</b>	<b>215,424,595</b>
<b>Equity and Liabilities</b>					
<b>Equity</b>					
Share capital	31	187,668	187,668	187,668	187,668
Share premium	32	2,010,588	2,010,588	2,010,588	2,010,588
Other components of equity	33	75,187,554	77,707,228	49,228,077	49,201,790
Retained earnings		40,432,204	36,375,147	25,338,152	23,889,742
<b>Equity Attributable to Owners of the Parent</b>		<b>117,818,013</b>	<b>116,280,631</b>	<b>76,764,485</b>	<b>75,289,789</b>
<b>Equity Attributable to Owners of the Subsidiary</b>					
Non-controlling interest		7,524,753	8,685,878	-	-
<b>Total Equity</b>		<b>125,342,766</b>	<b>124,966,510</b>	<b>76,764,485</b>	<b>75,289,789</b>
<b>Liabilities</b>					
<b>Non-current Liabilities</b>					
Pension and other employee Obligations	34	1,092,284	1,009,951	1,092,284	1,009,951
Borrowings	35.1	65,395,317	43,444,949	0	0
Trade and other payables	37	24,444,848	18,751,327	16,236,262	8,142,210
Deferred tax liabilities	17.3	6,703,718	7,090,155	778,357	778,357
		<b>97,636,168</b>	<b>70,296,381</b>	<b>18,106,903</b>	<b>9,930,518</b>
<b>Current Liabilities</b>					
Borrowings	35.2	15,027,542	21,047,004	10,771,463	15,475,240
Lease liability	36	105,679	50,308	105,679	50,308
Trade and other payables	37	73,107,608	69,233,785	52,790,051	57,806,303
Contract and other liabilities	38	77,121,681	67,615,465	65,428,815	54,663,753
Current tax liabilities	17.2	4,343,536	3,110,618	2,041,074	2,208,684
		<b>169,706,046</b>	<b>161,057,180</b>	<b>131,137,082</b>	<b>130,204,288</b>
<b>Total Liabilities</b>		<b>267,342,214</b>	<b>231,353,561</b>	<b>149,243,986</b>	<b>140,134,806</b>
<b>Total Equity and Liabilities</b>		<b>392,684,980</b>	<b>356,320,070</b>	<b>226,008,471</b>	<b>215,424,595</b>

These accounts were approved by the Board of Directors on 21 April 2022 and signed on its behalf by:

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

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

  
Paul Baba  
Accounts Manager  
FRC/2014/ICAN/00000007667

The statement of accounting policies and notes on pages 22 to 58 form an integral part of these financial statements.

NIPCO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

Company

Year Ended 31 December 2020	Notes	Share Capital ₱,000	Share Premium ₱,000	Other Components of Equity ₱,000	Retained Earnings ₱,000	Total ₱,000
Balance as at 1 January 2020		187,668	2,010,588	49,527,395	22,778,486	74,504,137
Dividend paid		-	-		(563,005)	(563,005)
Other comprehensive income		-	-	(325,605)		(325,605)
Profit for the year		-	-	-	1,674,262	1,674,262
<b>Balance as at 31 December 2020</b>		<b>187,668</b>	<b>2,010,588</b>	<b>49,201,790</b>	<b>23,889,742</b>	<b>75,289,789</b>
<b>Year Ended 31 December 2021</b>						
Balance as at 1 January 2021		187,668	2,010,588	49,201,790	23,889,742	75,289,789
Dividend paid		-	-	-	(563,005)	(563,005)
Other comprehensive income	33	-	-	26,286	-	26,286
Profit for the year		-	-	-	2,011,415	2,011,415
<b>Balance as at 31 December 2021</b>		<b>187,668</b>	<b>2,010,588</b>	<b>49,228,077</b>	<b>25,338,152</b>	<b>76,764,485</b>

The statement of accounting policies and notes on pages 22 to 58 form an integral part of these financial statements.

NIPCO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2021

Group

Year Ended 31 December 2020	Notes	Share Capital ₦,000	Share Premium ₦,000	Other Components of Equity ₦,000	Retained Earnings ₦,000	Total Attributable to Owners of Parent ₦,000	Non- Controlling Interest ₦,000	Total ₦,000
Balance as at 1 January 2020		187,668	2,010,588	78,460,793	35,235,231	115,894,280	8,507,164	124,401,444
Dividend paid		-	-	-	(563,005)	(563,005)	(885,112)	(1,448,117)
Loss on subsequent acquisition of NCI		-	-	(427,959)	-	(427,959)	-	(427,959)
Other comprehensive income		-	-	(325,605)	-	(325,605)	-	(325,605)
Profit for the year		-	-	-	1,702,921	1,702,921	1,365,005	3,067,926
NCI movement during the year (net)		-	-	-	-	-	(301,180)	(301,180)
<b>Balance as at 31 December 2020</b>		<b>187,668</b>	<b>2,010,588</b>	<b>77,707,228</b>	<b>36,375,147</b>	<b>116,280,631</b>	<b>8,685,878</b>	<b>124,966,509</b>
<b>Year Ended 31 December 2021</b>								
Balance as at 1 January 2021		187,668	2,010,588	77,707,228	36,375,147	116,280,631	8,685,878	124,966,510
Dividend paid		-	-	-	(563,005)	(563,005)	(747,751)	(1,310,756)
Loss on subsequent acquisition of NCI		-	-	(2,545,961)	-	(2,545,961)	-	(2,545,961)
Other comprehensive income	33	-	-	26,286	-	26,286	-	26,286
Profit for the year		-	-	-	4,620,062	4,620,062	1,078,190	5,698,252
NCI movement during the year (net)		-	-	-	-	-	(1,491,565)	(1,491,565)
<b>Balance as at 31 December 2021</b>		<b>187,668</b>	<b>2,010,588</b>	<b>75,187,554</b>	<b>40,432,204</b>	<b>117,818,013</b>	<b>7,524,753</b>	<b>125,342,766</b>

The statement of accounting policies and notes on pages 22 to 58 form an integral part of these financial statements.

NIPCO PLC

CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>Cash Flows from Operating Activities</b>				
Profit before tax	10,544,615	6,689,504	4,052,489	3,246,583
<b>Non-Cash Adjustments:</b>				
Depreciation & amortisation	14,919,900	13,668,154	5,418,754	4,984,714
Contribution to defined benefit plan	82,334	401,798	82,334	401,798
Loss on sale of PPE	868	318,670	868	48,368
Loss on acquisition of NCI	2,545,961	427,959	-	-
Rent received	(8,173,006)	(7,985,846)	(32,196)	(5,559)
Net finance cost/income	1,928,581	2,304,996	1,055,068	2,054,343
Exchange loss	(8,299)	267,355	22,386	267,521
Allowance and impairment loss	127,078	782,322	102,940	76,003
<b>Operating Profit Before Working Capital Changes</b>	<b>21,968,031</b>	<b>16,874,911</b>	<b>10,702,643</b>	<b>11,073,772</b>
<b>Working Capital Changes:</b>				
Changes in prepayment	(6,377,863)	(1,924,053)	(22,789)	(17,834)
Changes in inventories	(8,937,422)	10,527,727	86,402	2,871,036
Changes in trade and other receivables	(2,473,549)	(3,426,981)	(10,655,418)	(33,799,498)
Changes in trade and other payables	6,678,660	7,999,600	3,077,800	12,520,420
Changes in contract and other liabilities	9,506,217	5,396,478	6,140,970	1,041,942
	<b>20,364,074</b>	<b>35,447,681</b>	<b>9,329,608</b>	<b>(6,310,163)</b>
Tax paid	(3,629,195)	(4,792,169)	(1,838,412)	(996,026)
	-	-	-	-
<b>Net Cash Flows from Operating Activities</b>	<b>16,734,880</b>	<b>30,655,513</b>	<b>7,491,196</b>	<b>(7,306,189)</b>
<b>Cash Flows from Investing Activities:</b>				
Acquisition of PPE	(14,041,943)	(6,128,159)	(5,408,903)	(1,824,329)
Lease rental additions	(467,512)	(845,695)	(241,072)	(291,946)
Proceeds from sale of PPE	590	12,518	590	7,680
Changes other long-term financial assets	2,295,456	(626)	2,295,456	(626)
Changes in capital work in progress	(8,596,707)	(11,157,049)	-	-
Interest received	1,080,163	298,656	778,105	69,277
Dividend received	2,089,799	2,089,799	-	-
<b>Net Cash Flows from Investing Activities</b>	<b>(17,640,155)</b>	<b>(15,730,556)</b>	<b>(2,575,824)</b>	<b>(2,039,943)</b>
<b>Cash Flows from Financing Activities:</b>				
Proceeds/(repayment) of borrowings	16,187,792	(10,397,418)	(4,703,777)	5,834,053
Proceeds/(repayment) of bank overdraft	2,520,921	(256,885)	2,817,178	-
Interest paid	(1,997,221)	(1,877,768)	(828,855)	(1,401,910)
Dividend paid	(3,537,916)	(3,537,916)	(563,005)	(563,005)
<b>Net Cash Flows from Financing Activities</b>	<b>13,173,576</b>	<b>(16,069,987)</b>	<b>(3,278,460)</b>	<b>3,869,138</b>
<b>Net Cash Flows for the Year</b>	<b>12,268,300</b>	<b>(1,145,030)</b>	<b>1,636,912</b>	<b>(5,476,994)</b>
Cash and cash equivalents, at 1 January	25,918,033	27,330,419	14,758,717	20,503,232
Exchange difference in cash and cash equivalents	8,299	(267,355)	(22,386)	(267,521)
<b>Cash and Cash Equivalents at 31 December</b>	<b>38,194,632</b>	<b>25,918,033</b>	<b>16,373,242</b>	<b>14,758,717</b>
<b>Cash and Cash Equivalents, 31 December</b>	<b>38,194,632</b>	<b>25,918,033</b>	<b>16,373,242</b>	<b>14,758,717</b>

The statement of accounting policies and notes on pages 22 to 58 form an integral part of these financial statements.

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

#### 1 Nature of Operations

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

> **Petroleum Product Marketing and Distribution:** The Group activities involves buying, storing, selling and distribution of petroleum products to IPMAN members and other customers. The petroleum products comprises of petrol, automated gas oil (AGO), dual purpose kerosene (DPK), liquified 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 and going concern assumption

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

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). They have been prepared under the assumption that the Group operates on a going concern basis. The Group's audited balances for the year under review are comparable with the prior year balances in all aspects.

The consolidated financial statements for the year ended 31 December 2021 (including comparatives) were approved and authorised for issue by the board of directors of NIPCO Plc on 21 April 2022.

**NIPCO PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

**Group General Information**

NIPCO Plc (Parent Company) is the controlling entity of the group. NIPCO Plc exercise 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 five entities; NIPCO Plc, NIPCO Investment Limited, NIPCO Gas Limited, NIPCO E&P Limited, 11 Plc and 11 Hospitality Limited. NIPCO Investment Limited and NIPCO Gas Limited are subsidiaries, while 11 Plc and 11 Hospitality Limited are sub-subsidiaries. NIPCO Plc has 100% equity share interest in the subsidiaries and 84.00% equity share interest in the sub-subsidiary.

<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	HPL

Initials of the entity	Principal activity	Country of incorporation & principal place of business	Proportion of Interest held by the entities					
			NP	NIL	NGL	NEPL	11 Plc	HPL
NP	See Note 1	Nigeria	-	100%	100%	100%	Nil	Nil
NIL		Nigeria	Nil	-	Nil	Nil	84.00%	Nil
NGL		Nigeria	Nil	Nil	-	Nil	Nil	Nil
NEPL		Nigeria	Nil	Nil	Nil	-	Nil	Nil
11 Plc		Nigeria	Nil	Nil	Nil	Nil	-	100%
HPL		Nigeria	Nil	Nil	Nil	Nil	Nil	-

Initials of the entity	Number of shares held by the entities					
	NP	NIL	NGL	NEPL	11 Plc	HPL
NP	-	50,000,000	10,000,000	100,000,000	-	-
NIL	-	-	-	-	302,917,609	-
NGL	-	-	-	-	-	-
NEPL	-	-	-	-	-	-
11 Plc	-	-	-	-	-	10,000,000
HPL	-	-	-	-	-	-

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### 3 New or revised standards or interpretations

##### 3.1 IFRS 16 - Lease

COVID 19 related rent concessions (Amendment to IFRS 16 - Effective 1 April 2021)

Some accounting pronouncements which have become effective from 1 January 2021 and have therefore been adopted do not have a significant impact on the financial results or position. These amendments do not have a significant impact on these Financial Statements and therefore the disclosures have not been made

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

###### IFRS 3 - Business Combination

Reference to the conceptual framework (Amendment to IFRS 3) - Effective 1 January 2022

Adds a new exception to the recognition principle in order to make sure that the accounting remains unchanged. It outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.

###### IFRS 17 - Insurance Contracts

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

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

###### IAS 16 - Property, Plant & Equipment

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

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

###### IAS 37 - Provisions, Contingent Liabilities & Contingent Assets

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

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

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

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

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

###### The amendments clarify the guidance in IAS 1 by:

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

**NIPCO PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

**IAS 12 - Income Taxes**

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

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

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

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

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

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

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

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### 4 Significant Accounting Policies

##### 4.1 Basis of preparation

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 and its subsidiaries as of 31 December 2021 (Subsidiary - NIPCO Investments Limited and NIPCO Gas Limited and sub-subsidiary - 11 Plc and 11 Hospitality Limited). The subsidiaries and sub-subsidiary have a reporting date of 31 December.

All transactions and balances between intra-group companies are eliminated on consolidation, including unrealized gains and losses on transactions between those companies. Where unrealized 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 and sub-subsidiary have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiary invested in during the year, are recognised from the effective date of investment and control over the entity as applicable.

The Group attributes total comprehensive income or loss of sub-subsidiaries between the owners of the parent and 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.

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

##### 4.4 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.

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.

##### 4.5 Foreign currency translation

###### Functional and presentation currency

The consolidated financial statements are presented in Nigerian naira (₦), which is also the functional currency of all the companies within the group.

###### Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective entities, 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 Group's financial statements, all assets, liabilities and transactions with functional currencies other than the Naira are translated into Naira upon consolidation. The functional currencies of entities within the Group have remained unchanged during the reporting period.

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### 4.6 Segment reporting

The Group has two operating segments: Petroleum Products Marketing, and investment property business segments. In identifying these operating segments, management generally follows the Group's operation lines representing its main products and services.

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 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:

- \* Research costs relating to new business activities
- \* Share-based payment expenses

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

#### 4.7 Revenue

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

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

1. - Identifying the contract with a customer
2. - Identifying the performance obligations
3. - Determining the transaction price
4. - Allocating the transaction price to the performance obligations
5. - Recognising revenue when/as performance obligation(s) are satisfied.

The Group often enters into transactions involving a range of the Group's products, for example for the delivery of petroleum products to VMI Stations. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

#### 4.7.1 Sale of petroleum products and gas

Revenue from sales of petroleum products are recognised at a point in time when the Group has satisfied its performance obligations in the contract by transferring control of the products to its customers and is entitled to receive consideration for the promised products. Control is transferred when the petroleum products are delivered to the customers. Invoice for the products transferred are due upon receipt by the customers.

#### 4.8 Operating expenses

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

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### 4.9 Earnings Per Share, Interests and dividends

Basic earnings per share have been calculated using the profit attributable to shareholders of the parent company as the numerator, i.e. no adjustments to profit were necessary in the current year and prior 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.

#### 4.10 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.

#### 4.11 Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale. Profit or loss from discontinued operations comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss recognised on the measurement to fair value less costs to sell or on the disposal group(s) constituting the discontinued operation. However, there were no discontinued operations within the group during the year under review.

#### 4.12 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.

#### 4.13 Other intangible assets

##### Initial recognition of other intangible assets

Intangible assets comprise of software license, franchise costs and permits from the records of the sub subsidiary (11 Plc). Software license are acquired computer software licenses and are capitalized on the basis of costs incurred to acquire and bring to use the specific software. Franchise costs are capitalized amounts paid to UAC Nigeria Plc, which gives the company the right to use the "Mr Biggs" brand in its retail outlet while Permits are capitalized amounts paid to a third party for a right of way permit.

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.

##### Subsequent measurement

All finite-lived intangible assets 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 and subject to impairment testing. The following useful lives are applied;

- > Software license - 15 years
- > Franchise - 10 years
- > Permits - 20 years

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

Subsequent expenditures on the maintenance of computer software is 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.

#### 4.14 Property, plant and equipment

##### Land

Land held for use in production or administration is stated at revalued amount. As no finite useful life for land can be determined, related carrying amounts are not depreciated.

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### **Buildings, IT equipment and other equipment**

Buildings, IT equipment and other equipment (comprising fittings & furniture, plants & machinery, vehicle & laboratory equipment and fire fighting equipment ) are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management. Buildings, IT equipment and other equipment are subsequently measured at revalued amount and cost less accumulated depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the revalued amount and cost less accumulated depreciation of buildings, computer and other equipment. The following useful lives are applied:

- 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

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

#### **4.15 Leased assets**

##### **The Group as a lessee**

The Group makes the use of leasing arrangements principally for the provision of the main filling stations and related facilities, and office space. The rental contracts for offices and filling stations are typically negotiated for terms of between 1 and 10 years and some of these have extension terms. Lease terms for office fixtures and equipment have lease terms of between 1 year and 10 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.

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- the Group has the right to direct the use of the identified asset throughout the period of use.

The Group assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Some lease contracts contain both lease and non-lease components. These non-lease components are usually associated with facilities management services at filling stations and servicing and repair contracts in respect of plants and equipment. The Group has elected to not separate its leases for filling stations and 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.

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### **Measurement and recognition of leases as a lessee**

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. 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 assets 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 interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate. 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. The exception being when the carrying amount of the right-of-use asset has been reduced to zero then any excess is recognised in profit or loss.

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

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

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. These leases relate to residential houses for a year. 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.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### 4.16 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 has been allocated (determined by the Group's management) 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 that 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 are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that 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 asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

#### 4.17 Investment property

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

Investment properties are revalued once every 5 years which result in gains or losses recognised in other comprehensive income. The investment properties on the statement of financial position are carried at cost model.

#### 4.18 Financial instruments

##### 4.18.1 Recognition, and derecognition

Financial assets and financial liabilities are recognised when the Group 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.

##### 4.18.2 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 group does not have any financial assets categorised as FVOCI.

The classification is determined by both:

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

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

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### 4.18.3 Subsequent measurement of financial assets

##### **Financial assets at amortised cost**

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

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

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

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

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

The category also contains an equity investment. The Group 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 Group accounts for financial assets at FVOCI, if the assets meet the following conditions:

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

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

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### 4.18.4 Impairment of financial assets

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

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

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

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

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

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

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

#### 4.18.5 Classification and measurement of financial liabilities

The Group's 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 Group 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).

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

#### 4.19 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### 4.20 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 Group's 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 Group does not recognize deferred tax on temporary differences relating to goodwill, or to its investments in subsidiaries.

#### 4.21 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments maturing within 90 days 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.

#### 4.22 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

#### 4.23 Equity, reserves and dividend payments

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

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

##### **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.

Revaluation gains or losses on revalued property, plant and equipment.

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

**4.24 Post-employment benefits and short-term employee benefits**

**Post-employment**

The Group provides post-employment benefits through various defined contribution and defined benefit plans.

**Defined contribution plans**

The Group pays fixed contributions into independent entities in relation to several state plans and insurances for individual employees. The Group 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.

**Defined benefit plans**

Under the Group's defined benefit plans, the amount of pension benefit that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The legal obligation for any benefits remains with the Group, even if plan assets for funding the defined benefit plan have been set aside. Plan assets may include assets specifically designated to a long-term benefit fund as well as qualifying insurance policies.

The liability recognised in the statement of financial position for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets.

Management estimates the DBO annually with the assistance of independent actuaries. This is based on standard rates of inflation, salary growth rate and mortality. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

Service cost on the Group's defined benefit plan is included in employee benefits expense. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost. Net interest expense on the net defined benefit liability is included in finance costs. Gains and losses resulting from remeasurements of the net defined benefit liability are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

**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 Group expects to pay as a result of the unused entitlement.

**4.25 Provisions, contingent assets and contingent liabilities**

Provisions for product warranties, legal disputes, onerous contracts or other claims are recognised when the Group 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 Group 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 Group 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.

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### 5 Significant management judgement in applying accounting policies and estimation uncertainty

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

#### 5.1 Significant management judgements

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

##### 5.1.1 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.

##### 5.1.2 Estimation uncertainty

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.

#### Impairment of non-financial assets and goodwill

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. In 2021, the Group would recognise an impairment loss on goodwill if there are indications.

#### 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.

#### 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.

#### Business combinations

Management uses 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.

#### Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

#### 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.

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

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

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

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### 6 Financial Risk Management

##### 6.1 Introduction

The Group 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.

Key elements of risk management are:

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

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

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

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

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

##### 6.2 Detailed discussion of significant risks

###### 6.2.1 Regulatory risk

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

###### 6.2.2 Legal risk

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

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

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

###### 6.2.3 Taxation risk

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

Taxation risk occurs in the following key areas:

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

###### - Transactional risk

The risk which concerns specific transactions entered into by the Group, including restructuring projects and reorganisations.

###### - Operational risk

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

###### - Compliance risk

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

## NIPCO PLC

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

#### **- Financial accounting risk**

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

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

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

Compliance with this policy is aimed at ensuring that:

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

The identification and management of tax risk is the primary objective of the Group 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 Group 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 Group.

#### **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 Group 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 Strategic risk**

Strategic risk is the risk of an unexpected negative change in the Group value, arising from the adverse effect of executive decisions on both business strategies and their implementation.

This risk is a function of the compatibility between strategic goals, the business strategies developed to achieve those goals and the resources deployed to achieve those goals. Strategic risk also includes the ability of management to effectively analyse and react to external factors, which could impact the future direction of the relevant business units.

##### **6.3.3 Company risk**

Company risk identifies and assesses both those risks qualitatively as part of a quarterly evaluation. On the basis of this evaluation, company risk creates an overview of local and global risks which also includes reputational risks, analyses the risk profile of the Group and regularly informs directors and management.

**NIPCO PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

**6.3.4 Operational risk**

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or from external events.

The initiation of all transactions and their administration is conducted on the foundation of segregation of duties that has been designed to ensure materially the completeness, accuracy and validity of all transactions. These controls are augmented by management and executive review of control accounts and systems, electronic and manual checks and controls, back-up facilities and contingency planning. The internal control systems and procedures are also subjected to regular internal audit reviews.

**6.3.5 Market risk**

Market risk includes asset liability matching risk, currency risk, interest rate risk and equity price risk.

The Group is exposed to market risk through its financial assets and financial liabilities. The most important components of this risk are interest rate risk and market price risk. These risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements.

**6.3.6 Interest rate and market price risk**

These risks have very different impacts on the various categories of business used in the Group's Assets and Liabilities Management framework. Interest rate and market price risk have been discussed together since they interact on certain types of liabilities.

**6.3.7 Interest rate risk**

Interest rate risk is the risk that the value and cash flow of a financial instrument will fluctuate due to changes in market interest rates.

**6.3.8 Equity price risk**

Equity price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices.

**6.3.9 Foreign currency risk**

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

**6.3.10 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 Group in order to invest surplus shareholder funds. The Group is exposed to the issuer's credit standing on these instruments.

The following policy and procedure is in place to mitigate the Group'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 Group's Audit Committee and the Group's board.

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Age analysis of receivables</b>	<b>₦,000</b>	<b>₦,000</b>	<b>₦,000</b>	<b>₦,000</b>
1 - 30 days	13,185,669	9,385,567	7,324,911	6,093,576
31 - 60 days	7,932,393	9,298,583	3,536,824	2,285,095
61 - 90 days	5,303,453	1,770,174	2,373,074	762,916
91 - 180 days	2,902,081	195,488	1,436,891	104,207
181 days and above	339,138	2,146,059	193,073	1,744,405
	<b>29,662,733</b>	<b>22,795,871</b>	<b>14,864,772</b>	<b>10,990,200</b>
Trade receivables	29,662,733	22,795,870	14,864,772	10,990,200
Allowance for expected credit loss	(762,647)	(635,569)	(637,503)	(534,564)
	<b>28,900,086</b>	<b>22,160,302</b>	<b>14,227,268</b>	<b>10,455,636</b>

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

6.3.11 Liquidity risk

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

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

31 December 2021	1 - 12 Months ₦,000	13 Months & above ₦,000
Borrowings	15,027,542	65,395,317
Bank over-draft	2,817,189	
Trade and other payables	72,554,454	24,444,848
Contract and other liabilities	77,121,681	
<b>Total</b>	<b>167,520,867</b>	<b>89,840,166</b>
<b>31 December 2020</b>		
Borrowings	21,047,004	43,444,949
Bank over-draft	296,269	
Trade and other payables	67,984,881	18,751,327
Contract and other liabilities	67,615,465	
<b>Total</b>	<b>156,943,619</b>	<b>62,196,275</b>

**Sensitivity Analysis**

Management applies a number of sensitivity tests to the earnings of the Group to better understand the exposure to and importance of each of the main drivers of profitability.

IFRS 7 requires management to report on the changes in the net income after tax following "reasonable possible" changes in each of the factors to which the Group is exposed. Management has set the upside and downside movements for each factor at a level which represents the amount by which management believes that factor could reasonably change over the year following the valuation date. These opinions have been informed by an analysis of historical one year changes in those factors. The upper and lower limits have been set at the 75th and 25th percentiles of observed changes as these bound and interval which may be expected to contain 50% of the changes in the coming year. Management believes this represents in some sense what is "reasonably possible", though it is important to note that this opinion is based on past experience and the tested range is not sensitive to all the relevant information in the market at the reporting date.

Management has considered the impact of upside and downside movements in foreign exchange rates. In relation to these sensitivities:

- \* The earnings are sensitive to changes in both the shape and level of the yield curve. Management has not considered changes in the shape of the yield curve due to several constraints although this may be reviewed in the following year.
- \* The foreign exchange movements have been considered together in the same sensitivity. Observed historic negative correlations between factors would tend to dampen the effects presented. These correlations are not very large and they have not been adjusted for. This treatment has resulted in the presentation of a slightly more extreme view of what could reasonably occur over the following year.

Future rates of expense inflation, catastrophes and tax assumptions were considered but no sensitivities are presented as it is unlikely, in management's opinion that, these assumptions will change over the following year.

It should be noted that each impact on profit after tax is shown individually for each sensitivity being changed, keeping all other assumptions constant. In practice this is unlikely to occur, as changes in some of the variables may be correlated.

**NIPCO PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

**7 Interest in subsidiaries**

**7.1 Composition of the Group**

Set out below are the details of the subsidiaries held directly by the Group:

Name of the subsidiary	Country of incorporation & principal place of business	Principal activity	Proportion of interest held by the Group at year end		
			2021		2020
NIPCO Investments Limited	Lagos state, Nigeria	Investment business	100%		100%
NIPCO Gas Limited	Lagos state, Nigeria	The marketing and distribution of compressed natural gas (CNG).	100%		100%
NIPCO E&P Limited	Lagos state, Nigeria	Oil and gas exploration	100%		0%
11 Plc	Lagos state, Nigeria	Petroleum products marketing/distribution and investment property business.	84.00%		78.82%
11 Hospitality Limited	Lagos state, Nigeria	Hospitality business	84.00%		78.82%

**7.2 Sub-subsidiary with material non-controlling interest**

The Group includes one sub-subsidiary, 11 Plc with material non-controlling interests (NCI):

Name	Proportion of ownership interest and voting rights held by NCI		Total comprehensive income allocated to NCI		Accumulated NCI		
	2021	2020	2021	2020	2021		2020
			<b>₦,000</b>	<b>₦,000</b>	<b>₦,000</b>		<b>₦,000</b>
<b>11 Plc</b>	16.00%	21.18%	1,078,190	1,365,005	7,524,753		8,685,878

Dividend were paid to NCI during the year 2021 and 2020

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

Summarised financial information of 11 Plc before intragroup elimination is set out below;

	2021	2020
	₦,000	₦,000
<b>Statement of Financial Position</b>		
Non-current assets	61,876,643	59,970,517
Current assets	64,651,669	35,478,332
	<b>126,528,312</b>	<b>95,448,849</b>
Non-current liabilities	(13,830,697)	(15,438,516)
Current liabilities	(65,586,154)	(37,072,772)
<b>Net Assets</b>	<b>47,111,460</b>	<b>42,937,561</b>
Equity attributable to owners of the parent	39,586,707	34,251,683
Non-controlling interests	7,524,753	8,685,878
	<b>47,111,460</b>	<b>42,937,561</b>
<b>Statement of Profit or Loss and Other Comprehensive Income</b>		
Revenue	239,405,325	163,907,942
Profit for the year attributable to owners of the parent	6,160,595	4,865,863
Profit for the year attributable to NCI	1,078,190	1,365,005
<b>Profit for the Year</b>	<b>7,238,785</b>	<b>6,230,868</b>
<b>Other comprehensive income for the year (attributable to owners of the parent)</b>	-	-
Total comprehensive income for the year attributable to owners of the parent	6,160,595	4,865,863
Total comprehensive income for the year attributable to NCI	1,078,190	1,365,005
<b>Total Comprehensive Income for the Year</b>	<b>7,238,785</b>	<b>6,230,868</b>
<b>Statement of Cash Flows</b>		
Net cash from operating activities	6,556,129	18,692,203
Net cash used in investing activities	(5,249,898)	(12,056,087)
Net cash from (used in) financing activities	5,096,774	(2,602,919)
<b>Net Cash In-Flows</b>	<b>6,403,005</b>	<b>4,033,197</b>

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

**8 Segment reporting**

Management currently identifies the Group's three service lines as its operating segments. These operating segments are monitored by the Group's chief operating decision maker and strategic decisions are made on the basis of adjusted segment operating results.

The main sources of revenue for this segments are the sales of finished petroleum products, rental income from investment properties, and hospitality services.

	Petroleum products marketing	Investment property business	Hospitality Business	Petroleum products marketing	Investment property business	Hospitality Business	Total	
	2021			2020			2021	2020
	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000
Revenue from external customers	547,298,112	7,866,401	4,052,081	427,230,653	7,660,720	1,588,485	559,216,594	436,479,857
Cost of sales	(507,161,040)	-	(478,198)	(396,267,909)	-	(159,856)	(507,639,237)	(396,427,765)
Administrative expenses	(14,507,576)	(8,381)	(3,187,142)	(10,111,205)	(13,510)	(2,541,655)	(17,703,100)	(12,666,371)
Selling and distribution expenses	(12,284,859)	-	(24,912)	(9,384,063)	-	(10,568)	(12,309,771)	(9,394,631)
Depreciation and amortisation	(10,831,193)	(2,572,826)	(1,515,882)	(9,605,646)	(2,573,741)	(1,488,767)	(14,919,900)	(13,668,154)
Allowance and impairment loss	(127,078)	-	-	(107,812)	-	(674,510)	(127,078)	(782,322)
<b>Segment operating profit</b>	<b>2,386,367</b>	<b>5,285,194</b>	<b>(1,154,053)</b>	<b>1,754,018</b>	<b>5,073,469</b>	<b>(3,286,872)</b>	<b>6,517,508</b>	<b>3,540,615</b>
<b>Segment assets</b>	<b>353,618,939</b>	<b>15,485,566</b>	<b>23,580,476</b>	<b>338,097,180</b>	<b>18,222,890</b>	<b>20,774,970</b>	<b>392,684,980</b>	<b>377,095,040</b>

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>9 Revenue</b>				
Sale of petrol	363,988,584	210,699,512	124,583,258	131,977,659
Sale of AGO	94,560,420	104,053,599	94,560,420	102,817,289
Sale of DPK	-	238,758	-	149,258
Sale of aviation fuel	-	15,022,807	-	-
Sale of LPG	78,285,633	53,180,329	78,285,633	52,546,545
Sale of CNG	8,914,497	6,498,739	-	-
Sale of lubricants	1,539,368	37,536,909	1,539,368	1,124,476
Sale of food & beverages	1,264,064	433,710	-	-
Sale of gas accessories	7,283	-	7,283	-
Sale of gas burners	2,329	-	2,329	-
Sale of other items	307,297	169,851	-	-
Rooms	2,480,720	984,923	-	-
	<b>551,350,193</b>	<b>428,819,137</b>	<b>298,978,290</b>	<b>288,615,228</b>

The Group's revenue disaggregated by pattern of revenue recognition is listed above.

<b>10 Cost of Sales</b>				
Purchase cost	501,090,154	391,340,967	272,942,282	267,229,949
Food & beverages	477,789	166,880	-	-
Inspection expenses	19,761	39,278	19,761	39,278
Lease rental expenses	24,209	50,854	24,209	50,854
Manufacturing cost	845,420	582,135	-	-
Management fee	3,405,463	3,102,614	3,405,463	3,102,614
Other direct cost	1,776,441	1,145,037	1,776,032	1,144,944
	<b>507,639,237</b>	<b>396,427,765</b>	<b>278,167,748</b>	<b>271,567,639</b>

The cost of sales comprises of purchases of products and other related cost that are incurred while bringing the goods to its point of sales. The group management fee represents commission on turnover, while other direct cost consist of discount allowed expenses, and carriage in ward expenses.

<b>11 Other Income</b>				
Rent received	8,173,006	7,985,846	32,196	5,559
Insurance claim	36,864	-	-	-
Margin and others	3,582,711	3,285,006	1,576,561	1,531,289
Exchange gain	8,299	-	-	-
Other income from retail division	1,529,252	1,374,796	1,529,252	1,374,796
Marketers throughput commission	8,723	-	8,723	-
NNPC throughput commission	483,234	468,957	483,234	468,957
	<b>13,822,088</b>	<b>13,114,605</b>	<b>3,629,966</b>	<b>3,380,600</b>

Other operating income relates to income earned from other activities other than the company's principal activities. Margin and others relates to income earned by dealings with third parties.

<b>12 Selling and Marketing Cost</b>				
Selling and distribution expenses	8,057,638	6,555,372	234,669	68,558
Sales rebate, dealers margin & haulage expenses	4,252,134	2,839,259	4,252,134	2,838,539
	<b>12,309,771</b>	<b>9,394,631</b>	<b>4,486,803</b>	<b>2,907,098</b>

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

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>13 Administrative Expenses</b>				
Employee benefit expenses	2,820,157	2,928,855	1,179,663	979,389
Directors remuneration	208,875	213,150	23,700	25,800
Audit fee	57,875	58,325	20,000	20,000
Depreciation and amortisation	14,919,900	13,668,154	5,418,754	4,984,714
Allowance and impairment loss	127,078	782,322	102,940	76,003
Rooms related expenses	190,737	88,360	-	-
Food & beverage related expenses	72,859	18,996	-	-
Exchange loss		267,355	22,386	267,521
General admin expenses	14,352,597	9,091,330	8,078,705	5,866,739
	<b>32,750,078</b>	<b>27,116,846</b>	<b>14,846,148</b>	<b>12,220,166</b>

The Group's employee benefit expenses relates to cost incurred on staff remuneration and other related employee expenses (See Note 13.1). Directors Remuneration are cost incurred on directors allowances; Depreciation expenses relate to the reduction of the depreciable amount of the respective assets. Impairment loss has been provided based on the recoverability of the asset being less than the carrying value of the group's assets. Other administrative expenses mainly comprises of advert and promotion, repairs and maintenance, printing and stationery, telephone and postages, travel and hotel expenses.

**13.1 Employee Benefit Expenses**

Wages and salaries	2,458,869	2,552,105	994,864	804,243
Pension - defined benefit plan	102,270	57,896	102,270	57,896
Pension - defined contribution plan	136,591	176,083	-	-
Bonus, allowance & incentives	102,927	137,529	81,385	113,044
ITF expenses	17,114	4,514	614	4,098
Other staff cost	2,386	728	530	108
	<b>2,820,157</b>	<b>2,928,855</b>	<b>1,179,663</b>	<b>979,389</b>

Expenses recognised for employee benefits are analysed above:

**13.2 Depreciation and Amortisation**

Depreciation of PPE	11,926,350	10,725,659	5,281,750	4,862,831
Depreciation of investment property	2,572,826	2,573,741	-	-
Depreciation of ROU assets	408,776	345,222	137,004	121,883
Amortisation of other intangible assets	11,948	23,532	-	-
	<b>14,919,900</b>	<b>13,668,154</b>	<b>5,418,754</b>	<b>4,984,714</b>

Depreciation charges comprises of depreciation charges on property, plant and equipment and investment properties. Amortisation charges comprises of amortisation of computer software, franchise and permits.

**14 Finance Cost**

Interest on loan & overdraft	1,891,755	1,810,002	723,389	1,334,144
Interest on defined benefit obligation	92,129	60,104	92,129	60,104
Interest on lease	13,337	7,662	13,337	7,662
Bank charges	1,011,522	725,883	1,004,317	721,710
	<b>3,008,743</b>	<b>2,603,651</b>	<b>1,833,173</b>	<b>2,123,620</b>

The Group's finance cost relates to the items listed above

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>15 Finance Income</b>				
Interest income	1,080,163	298,656	778,105	69,277
	<b>1,080,163</b>	<b>298,656</b>	<b>778,105</b>	<b>69,277</b>

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

<b>16 Expenses by Nature</b>				
Cost of sales	507,639,237	396,427,765	278,167,748	271,567,639
Selling and marketing cost	12,309,771	9,394,631	4,486,803	2,907,098
Depreciation and amortisation	14,919,900	13,668,154	5,418,754	4,984,714
Employee benefit expenses	2,820,157	2,928,855	1,179,663	979,389
Finance cost	3,008,743	2,603,651	1,833,173	2,123,620
	<b>540,697,809</b>	<b>425,023,056</b>	<b>291,086,140</b>	<b>282,562,460</b>

**17 Taxation**

**17.1 Income Tax Recognised in Income Statement**

**Current Tax**

Company income tax	4,974,505	2,979,280	1,801,848	1,650,141
Education tax	258,295	410,771	239,226	170,180
Prior year (over)/under provision	-	(248,000)	-	(248,000)
	<b>5,232,800</b>	<b>3,142,052</b>	<b>2,041,074</b>	<b>1,572,321</b>

**Deferred Tax**

Deferred tax expense	(386,437)	479,526	-	-
----------------------	-----------	---------	---	---

**Total Income Tax Expenses Recognised in the current year**

	<b>4,846,363</b>	<b>3,621,578</b>	<b>2,041,074</b>	<b>1,572,321</b>
--	------------------	------------------	------------------	------------------

The tax rate used for the 2021 and 2020 tax computation is 30% payable by Corporate Entities in Nigeria and 2.5% for Education Tax.

**17.2 Current Tax Liabilities**

At 1 January	3,110,618	4,761,150	2,208,684	1,632,388
Charge for the year	5,232,800	3,142,052	2,041,074	1,572,321
	<b>8,343,418</b>	<b>7,903,202</b>	<b>4,249,758</b>	<b>3,204,709</b>
WHT credit utilised	(370,687)	(415)	(370,272)	-
Paid during the year	(3,629,195)	(4,792,169)	(1,838,412)	(996,026)
<b>At 31 December</b>	<b>4,343,536</b>	<b>3,110,618</b>	<b>2,041,074</b>	<b>2,208,684</b>

**17.3 Deferred Tax**

At January 1	7,090,155	6,610,629	778,357	778,357
Change for the year	(386,437)	479,526	-	-
<b>At December 31</b>	<b>6,703,718</b>	<b>7,090,155</b>	<b>778,357</b>	<b>778,357</b>

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

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

Company

18 Property, Plant & Equipment

Details of the company's property, plant and equipment and their carrying amounts are as follows:

	Land	Buildings	Pipelines	Plant and Machinery	Vehicle and Bicycle	Office and Communication Equipment	Computer Equipment	Furniture and Fittings	Laboratory Equipment	Fire Fighting Equipment and Electrical Installation	Total
Revalued Amount	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000
As at 1 January 2021	17,692,316	8,295,759	-	37,273,020	4,159,561	91,414	38,515	75,460	8,782	2,194,921	69,829,747
Additions	889,591	412,968	-	471,139	3,268,162	1,120	6,191	7,049	-	352,684	5,408,903
Disposal/write off					(3,240)						(3,240)
<b>As at 31 December 2021</b>	<b>18,581,906</b>	<b>8,708,727</b>	<b>-</b>	<b>37,744,159</b>	<b>7,424,482</b>	<b>92,533</b>	<b>44,706</b>	<b>82,509</b>	<b>8,782</b>	<b>2,547,605</b>	<b>75,235,410</b>
<b>Depreciation</b>											
As at 1 January 2021	-	385,144	-	8,407,173	1,557,800	35,643	25,216	35,860	6,830	440,360	10,894,025
Charge for the year	-	166,049	-	3,762,802	1,090,377	18,382	10,303	7,773	1,951	224,111	5,281,750
Disposal/write off					(1,782)						(1,782)
<b>As at 31 December 2021</b>	<b>-</b>	<b>551,193</b>	<b>-</b>	<b>12,169,975</b>	<b>2,646,395</b>	<b>54,025</b>	<b>35,520</b>	<b>43,633</b>	<b>8,782</b>	<b>664,471</b>	<b>16,173,993</b>
<b>Carrying Amount</b>											
As at 31 December 2021	<b>18,581,906</b>	<b>8,157,534</b>	<b>-</b>	<b>25,574,185</b>	<b>4,778,087</b>	<b>38,509</b>	<b>9,187</b>	<b>38,876</b>	<b>0</b>	<b>1,883,134</b>	<b>59,061,418</b>
As at 31 December 2020	<b>17,692,316</b>	<b>7,910,615</b>		<b>28,865,848</b>	<b>2,601,761</b>	<b>55,771</b>	<b>13,299</b>	<b>39,600</b>	<b>1,952</b>	<b>1,754,561</b>	<b>58,935,722</b>

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

The property, plant and equipment of NIPCO Plc was valued by an Independent Valuer. The revaluation method adopted is Market Value basis with recourse to the income approach. The assets were revalued on 23 October 2019. The cost of the PPE before revaluation is N23,373,034,290

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

Group

18 Property, Plant & Equipment

Details of the Group's property, plant and equipment and their carrying amounts are as follows:

	Land	Buildings	Pipelines	Plant and Machinery	Vehicle and Bicycle	Office and Communication Equipment	Computer Equipment	Furniture and Fittings	Laboratory Equipment	Fire Fighting Equipment and Electrical Installation	Total
	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000	₦,000
<b>Revalued Amount</b>											
As at 1 January 2021	19,732,247	31,645,306	14,388,864	67,283,747	6,165,323	140,780	211,584	3,129,804	8,782	2,455,280	145,161,718
Additions	897,091	2,622,608	3,195,294	3,548,186	3,344,490	17,293	8,099	56,198	-	352,684	14,041,943
Re-alignment		(171,045)		96,670	7,066			13,742			(53,566)
Transfers		36,218	19,281,598	86,535							19,404,351
Disposal/write off		(5,011)		(22,358)	(23,369)						(50,738)
<b>As at 31 December 2021</b>	<b>20,629,338</b>	<b>34,128,076</b>	<b>36,865,755</b>	<b>70,992,781</b>	<b>9,493,510</b>	<b>158,073</b>	<b>219,683</b>	<b>3,199,745</b>	<b>8,782</b>	<b>2,807,964</b>	<b>178,503,708</b>
<b>Depreciation</b>											
As at 1 January 2021		3,874,251	4,443,393	16,043,428	2,422,339	54,692	68,677	799,617	6,830	531,485	28,244,713
Charge for the year	-	397,687	2,251,315	6,473,435	1,870,737	29,862	53,796	584,400	1,951	263,165	11,926,350
Disposal/write off		(1,584)	-	(18,823)	(18,973)						(39,380)
<b>As at 31 December 2021</b>		<b>4,270,354</b>	<b>6,694,708</b>	<b>22,498,040</b>	<b>4,274,104</b>	<b>84,555</b>	<b>122,472</b>	<b>1,384,017</b>	<b>8,782</b>	<b>794,651</b>	<b>40,131,683</b>
<b>Carrying Amount</b>											
As at 31 December 2021	<b>20,629,338</b>	<b>29,857,723</b>	<b>30,171,048</b>	<b>48,494,741</b>	<b>5,219,406</b>	<b>73,518</b>	<b>97,211</b>	<b>1,815,728</b>	<b>0</b>	<b>2,013,313</b>	<b>138,372,025</b>
As at 31 December 2020	<b>19,732,247</b>	<b>27,771,056</b>	<b>9,945,471</b>	<b>51,240,319</b>	<b>3,742,984</b>	<b>86,088</b>	<b>142,907</b>	<b>2,330,187</b>	<b>1,952</b>	<b>1,923,795</b>	<b>116,917,005</b>

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

The property, plant and equipment of NIPCO Plc was valued by an Independent Valuer. The revaluation method adopted is Market Value basis with recourse to the income approach. The assets were revalued on 23 October 2020. The cost of the PPE before revaluation is N23,373,034,290

**NIPCO PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

**19 Investment Property**

	<b>Land &amp; Building</b>	<b>Plant &amp; Equipment</b>	<b>Assets Under Construction</b>	<b>Total</b>
	<b>₦,000</b>	<b>₦,000</b>	<b>₦,000</b>	<b>₦,000</b>
<b>Cost</b>				
As at 1 January 2021	12,646,195	20,450,384	293,204	<b>33,389,782</b>
Additions	-	-	-	-
Disposal/write-off	(31,816)	(60,815)		<b>(92,631)</b>
RE-alignment of assets	(1,925,027)	2,077,117	(293,204)	<b>(141,114)</b>
<b>As at 31 December 2021</b>	<b>10,689,352</b>	<b>22,466,686</b>	-	<b>33,156,038</b>
<b>Depreciation</b>				
As at 1 January 2021	2,398,520	12,768,372	-	<b>15,166,892</b>
Charge for the year	297,654	2,275,170	-	<b>2,572,824</b>
Disposal/write-off	(8,429)	(60,815)		<b>(69,244)</b>
<b>As at 31 December 2021</b>	<b>2,687,745</b>	<b>14,982,728</b>	-	<b>17,670,473</b>
<b>Carrying Amount</b>				
As at 31 December 2021	<b>8,001,607</b>	<b>7,483,959</b>	-	<b>15,485,566</b>
As at 31 December 2020	<b>10,247,674</b>	<b>7,682,012</b>	<b>293,204</b>	<b>18,222,890</b>

Investment properties comprises one office complex, one residential complex and four residential properties.

There was valuation of investment properties in 2017. the fair value of the properties as at 2017 was N135 billion. The valuation was performed by two independent valuers, Sunbo Onitiri & Co (FRC/2014/00000002931) and Partners Chartered Surveyors & Real Estate Consultants (FRC/2012/NIESV/00000000245).

There are no restriction on the remittance of income and proceeds of disposal. The Group's investment properties has not been pledged as security for loan.

	<b>2021</b>	<b>2020</b>
	<b>₦,000</b>	<b>₦,000</b>
<b>Amount recognised in profit or loss for the year before tax</b>		
Rental income from investment property	7,866,401	7,660,720
Direct operating expenses from rental generating property	(2,581,207)	(2,587,251)
	<b>5,285,194</b>	<b>5,073,469</b>

**NIPCO PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

<b>Company</b>	<b>Land &amp; Building</b>	<b>Plant &amp; Machinery</b>	<b>Furniture &amp; Fittings</b>	<b>Total</b>
<b>20 Right-Of-Use Assets</b>	<b>₱,000</b>	<b>₱,000</b>	<b>₱,000</b>	<b>₱,000</b>
<b>Cost</b>				
As at 1 January 2021	318,983	255,186	63,797	<b>637,965</b>
Additions	120,536	96,429	24,107	<b>241,072</b>
<b>As at 31 December 2021</b>	<b>439,519</b>	<b>351,615</b>	<b>87,904</b>	<b>879,037</b>
<b>Depreciation</b>				
As at 1 January 2021	105,006	84,005	21,001	<b>210,012</b>
Charge for the year	68,502	54,802	13,700	<b>137,004</b>
<b>As at 31 December 2021</b>	<b>173,508</b>	<b>138,806</b>	<b>34,702</b>	<b>347,016</b>
<b>Carrying Amount</b>				
At 31 December 2021	<b>266,011</b>	<b>212,808</b>	<b>53,202</b>	<b>532,021</b>
At 31 December 2020	<b>213,977</b>	<b>171,181</b>	<b>42,795</b>	<b>427,953</b>

**NIPCO PLC**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)**

<b>Group</b>	<b>Land &amp; Building</b>	<b>Plant &amp; Machinery</b>	<b>Furniture &amp; Fittings</b>	<b>Total</b>
	<b>₦,000</b>	<b>₦,000</b>	<b>₦,000</b>	<b>₦,000</b>
<b>20 Right-Of-Use Assets</b>				
<b>Cost</b>				
As at 1 January 2021	2,594,773	255,186	63,797	<b>2,913,755</b>
Additions	346,976	96,429	24,107	<b>467,512</b>
<b>As at 31 December 2021</b>	<b>2,941,749</b>	<b>351,615</b>	<b>87,904</b>	<b>3,381,267</b>
<b>Depreciation</b>				
As at 1 January 2021	522,914	84,005	21,001	<b>627,920</b>
Charge for the year	340,274	54,802	13,700	<b>408,776</b>
<b>As at 31 December 2021</b>	<b>863,188</b>	<b>138,806</b>	<b>34,702</b>	<b>1,036,696</b>
<b>Carrying Amount</b>				
At 31 December 2021	<b>2,078,561</b>	<b>212,808</b>	<b>53,202</b>	<b>2,344,571</b>
At 31 December 2020	<b>2,071,858</b>	<b>171,181</b>	<b>42,795</b>	<b>2,285,835</b>

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

The table below describes the nature of the Group's leasing activities by type of right-of-use asset recognised in the consolidated statement of 20.1 financial position:

ROU Assets	No of ROU Assets Leased	Range of remaining term	Average remaining lease term	No of leases with extension options	No of leases with option to purchase.	No of leases with variable payments linked to an index	No of leases with termination options
Land & buildings	40	5 - 15 years	10 years	40	40	0	40
Plants & machinery	40	5 - 15 years	10 years	40	40	0	40
Furnitures & fittings	40	5 - 15 years	10 years	40	40	0	40

The lease liabilities are secured by the related underlying assets. Future lease payments at 31 December 2021 were as follows

	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	After 5 years	Total
31-Dec-21	₦	₦	₦	₦	₦	₦	₦
Lease payments	39,582,641.56	60,517,236.15	30,000,000.00	30,000,000.00	26,300,000.00	59,105,126.69	<b>245,505,004.40</b>
Finance charge	13,337,058.00	41,813,014.72	22,148,221.15	17,761,565.98	12,684,012.62	32,082,573.93	<b>139,826,446.40</b>
<b>Net Present Value</b>	<b>26,245,583.56</b>	<b>18,704,221.43</b>	<b>7,851,778.85</b>	<b>12,238,434.02</b>	<b>13,615,987.38</b>	<b>27,022,552.76</b>	<b>105,678,558.00</b>

	Within 1 year	1 - 2 years	2 - 3 years	3 - 4 years	4 - 5 years	After 5 years	Total
31-Dec-20	₦	₦	₦	₦	₦	₦	₦
Lease payments	17,319,919.29	18,282,641.56	9,217,236.15	18,700,000.00	18,700,000.00		<b>82,219,797.00</b>
Finance charge	7,661,762.00	13,337,058.00	3,625,851.45	4,742,758.05	2,544,492.44		<b>31,911,921.94</b>
<b>Net Present Value</b>	<b>9,658,157.29</b>	<b>4,945,583.56</b>	<b>5,591,384.70</b>	<b>13,957,241.95</b>	<b>16,155,507.56</b>	-	<b>50,307,875.06</b>

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>21 Goodwill</b>				
Goodwill on acquisition	115,130,958	115,130,958	-	-
	<b>115,130,958</b>	<b>115,130,958</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 2021, there were no indicators of impairment of goodwill in line with or in reference with IAS 36:12

<b>22 Other Intangible Assets</b>				
<b>Cost</b>				
Computer software	229,582	229,582	-	-
Franchise	-	-	-	-
Permits	15,045	15,044	-	-
	<b>244,627</b>	<b>244,627</b>	-	-
<b>Accumulated Amortisation</b>				
Computer software	229,582	218,386	-	-
Franchise	-	-	-	-
Permits	5,829	5,077	-	-
	<b>235,411</b>	<b>223,463</b>	-	-
<b>Amortisation for the year</b>				
Computer software	11,196	22,780	-	-
Franchise	-	-	-	-
Permits	752	752	-	-
	<b>11,948</b>	<b>23,532</b>	-	-
<b>Disposal</b>				
Franchise	-	-	-	-
	-	-	-	-
<b>Balance as at 31 December</b>	<b>9,216</b>	<b>21,164</b>	-	-

Details of the Group's other intangible assets and their carrying amounts are listed above. This amount represents expenses incurred to acquire computer software, franchise and permits to facilitates the business operations of the group. All amortisation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>23 Capital Work-in-Progress</b>				
Opening balance	19,479,169	36,044,880	7,350	7,350
Additions	8,596,707	11,157,049		-
Re-alignment	194,854			
Transfers/write-off	(19,411,701)	(27,722,760)	(7,350)	
<b>Carrying Amount</b>	<b>8,859,029</b>	<b>19,479,169</b>	<b>(0)</b>	<b>7,350</b>

Capital work in progress comprises of expenditures on the ongoing projects

<b>24 Investment in Subsidiaries</b>				
NIPCO Plc investment in NIPCO Investments Ltd	-	-	50,000	50,000
NIPCO Plc investment in Nipco E&P Ltd	450,588	-	450,588	-
NIPCO Plc investment in NIPCO Gas Ltd	-	-	10,000	10,000
	<b>450,588</b>	<b>0</b>	<b>510,588</b>	<b>60,000</b>

Investment in subsidiaries relates to NIPCO Plc direct investment in subsidiaries. Nipco E&P Limited is an un-consolidated subsidiary. It is newly incorporated company during the year 2021 that is yet to commence business operation.

<b>25 Other Long-Term Financial Assets</b>				
Lease assets	57,870	71,237	57,870	71,237
Available for sale financial assets (i)	-	2,282,089	-	2,282,089
	<b>57,870</b>	<b>2,353,326</b>	<b>57,870</b>	<b>2,353,326</b>

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

<b>(i) Unquoted investment/private placement</b>	<b>-</b>	<b>2,282,089</b>	<b>-</b>	<b>2,282,089</b>
--	----------	------------------	----------	------------------

Unquoted investments are recognised at cost as the investments are not traded in the stock market.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>27 Inventories</b>				
Finished products	9,975,791	13,004,077	4,870,895	4,957,298
Raw materials	12,802,066	877,330	-	-
Consumable equipment and spares	173,612	132,640	-	-
	<b>22,951,469</b>	<b>14,014,047</b>	<b>4,870,895</b>	<b>4,957,298</b>

Inventories consist of finished product such as Petrol, Liquefied Petroleum Gas (LPG), Automotive Gas Oil (AGO), House Hold Kerosene (HHK) also called Dual Purpose Kerosene (DPK) and Lubricants that are held for sale in the ordinary course of business.

<b>28 Prepayments</b>				
<b>28.1 Non-current</b>				
Employee benefits	23,673	37,234	-	-
	<b>23,673</b>	<b>37,234</b>	<b>-</b>	<b>-</b>
<b>28.2 Current</b>				
Insurance	-	42,569	-	-
Rent	121,953	68,543	74,752	51,963
Trade	11,081,479	4,700,897	-	-
	<b>11,203,433</b>	<b>4,812,009</b>	<b>74,752</b>	<b>51,963</b>

Prepayment comprises of trade prepayments and employees loans that are expensed on a straight line basis

<b>29 Trade and Other Receivables</b>				
Trade receivable gross	29,662,733	22,795,870	14,864,772	10,990,200
Allowance for expected credit loss	(762,647)	(635,569)	(637,503)	(534,564)
	<b>28,900,086</b>	<b>22,160,302</b>	<b>14,227,268</b>	<b>10,455,636</b>
PPMC/NNPC	4,273,795	3,032,693	4,273,795	3,032,693
Throughput receivable	701,247	816,055	701,247	816,055
Intercompany receivables	-	(0)	123,431,920	110,368,710
Loans and advances	528,791	558,502	112,022	82,005
Payables with debit balances	10,497	34,183	2,179	34,183
Statutory receivables	953,024	129,058	51,136	98,536
Other receivables	4,234,509	10,397,609	1,728,119	8,984,449
	<b>39,601,950</b>	<b>37,128,401</b>	<b>144,527,685</b>	<b>133,872,267</b>

Trade and other receivables consist of items listed above and the carrying amount is at amortised cost.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>30 Cash and Cash Equivalents</b>				
Bank balances	38,059,998	15,337,849	16,320,039	10,683,145
Short term bank deposit	74,907	10,542,311	-	4,042,311
Cash in hand	59,727	37,873	53,203	33,261
	<b>38,194,632</b>	<b>25,918,033</b>	<b>16,373,242</b>	<b>14,758,717</b>

The bank balances includes balances in foreign currencies that are translated at the year end, using the inter-bank rate as at year end, while cash-in-hand represents cash balance as at year end.

<b>31 Share Capital</b>				
<b>Authorised</b>				
300,000,000 Ordinary share of N1 each	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>	<b>300,000</b>
<b>Called up share capital</b>				
200,000,000 ordinary shares of N1 each	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</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 N1 each.

<b>32 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.

**33 Other Components of Equity**

The details of other components of equity are as follows:

**Company**

	Revaluation reserve ₦,000	Subsequent acquisition of NCI ₦,000	Actuarial reserve & others ₦,000	Total ₦,000
<b>Balance as at 1 January 2021</b>	49,692,303	-	(490,513)	<b>49,201,790</b>
Remeasurement of net defined benefit liability			26,286	<b>26,286</b>
<b>Balance as at 31 December 2021</b>	<b>49,692,303</b>	<b>-</b>	<b>(464,227)</b>	<b>49,228,077</b>

**Group**

	₦,000	₦,000	₦,000	₦,000
<b>Balance as at 1 January 2021</b>	<b>81,479,763</b>	<b>(2,954,914)</b>	<b>(817,621)</b>	<b>77,707,228</b>
Remeasurement of net defined benefit liability			26,286	<b>26,286</b>
Loss on subsequent acquisition of NCI		(2,545,961)		<b>(2,545,961)</b>
<b>Balance as at 31 December 2021</b>	<b>81,479,763</b>	<b>(5,500,875)</b>	<b>(791,334)</b>	<b>75,187,554</b>

This represents reconciliation of items relating to other component of equity.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>34 Pension and Other Employee Obligations</b>				
<b>Non-current</b>				
Defined benefit liability	1,092,284	1,009,951	1,092,284	1,009,951
	<b>1,092,284</b>	<b>1,009,951</b>	<b>1,092,284</b>	<b>1,009,951</b>

The current portion of these liabilities represents the Group's obligations to its current and former employees that are expected to be settled during 2021. Other short-term employee obligations arise mainly from accrued holiday entitlement at the reporting date and expected pension payments in the next 12 months (without deduction of plan assets). As none of the employees are eligible for early settlement of pension arrangements, the remaining part of pension obligations for defined benefit plans is considered non-current.

**Pension and other employee obligations**

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

The plan exposes the Group to actuarial risks such as interest rate risk, investment risk, longevity risk and inflation 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 N1.09 billion (N1 billion for year 2020) are provision for post employment benefits. These balances were professionally valued by an Actuaries for the year ended 31 December 2021` as required by IAS 19.

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

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>34.1 Defined Benefit Obligation</b>				
Defined benefit obligation 1 January	1,009,951	608,153	1,009,951	608,153
Current service cost before deduction of beneficiary contributions	102,270	57,896	102,270	57,896
Interest expense	92,129	60,104	92,129	60,104
Remeasurement – actuarial losses from changes in financial assumptions	(26,286)	325,605	(26,286)	325,605
Benefit paid	(85,779)	(41,808)	(85,779)	(41,808)
<b>Defined Benefit Obligation 31 December</b>	<b>1,092,284</b>	<b>1,009,951</b>	<b>1,092,284</b>	<b>1,009,951</b>
Unfunded				
<b>Wholly funded</b>	<b>1,092,284</b>	<b>1,009,951</b>	<b>1,092,284</b>	<b>1,009,951</b>
<b>35 Borrowings</b>				
<b>35.1 Non-current</b>				
Bank loan	27,059,993	5,109,624	-	-
Other loans	38,335,324	38,335,324	-	-
	<b>65,395,317</b>	<b>43,444,948</b>	<b>-</b>	<b>-</b>
This consist of bank loans and other loans obtained for capital projects and working capital operations.				
<b>35.2 Current</b>				
Short term bank overdraft	2,817,189	296,269	2,817,189	11
Bank loan	12,210,353	20,750,735	7,954,274	15,475,229
	<b>15,027,542</b>	<b>21,047,004</b>	<b>10,771,463</b>	<b>15,475,240</b>
The bank loans consist of Nipco Plc loan from Zenith Bank Plc and 11 plc loan from Citi Bank. The loans were obtained for working capital operations. The short term bank over-draft balances as at year end comprises of overdraft from First Bank Plc, and Zenith Bank Plc to facilitate the business operations of the group.				
<b>36 Lease Liability</b>				
Lease rental payable	<b>105,679</b>	<b>50,308</b>	<b>105,679</b>	<b>50,308</b>
	<b>105,679</b>	<b>50,308</b>	<b>105,679</b>	<b>50,308</b>
The lease liability relates to Nipco Plc lease rental payable to dealers.				
<b>37 Trade and Other Payables</b>				
<b>37.1 Current</b>				
Trade payable	25,893,899	13,403,688	5,536,759	4,773,938
Trade receivables with credit balance	22,901,133	37,737,114	22,901,133	37,603,490
Customers deposit	26,134	-	26,134	-
Other receivables with credit balance	367	-	-	-
Payables to related parties	17,477,475	10,925,083	2,752,144	2,930,537
Deferred income	6,808,601	7,167,901	12,100	-
Intercompany payables	0	0	21,561,781	12,498,338
	<b>73,107,608</b>	<b>69,233,785</b>	<b>52,790,051</b>	<b>57,806,303</b>
<b>37.2 Non-current</b>				
Deferred income	8,208,587	10,609,117	-	-
Trade payable	16,236,262	8,142,210	16,236,262	8,142,210
	<b>24,444,848</b>	<b>18,751,327</b>	<b>16,236,262</b>	<b>8,142,210</b>

Trade and other payables consist of items listed above and the carrying amount is at amortised cost. Deferred income relates to deferred rental income on the Group's property.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>38 Contract and Other Liabilities</b>				
Bridging allowance	2,159,139	3,084,191	-	-
Statutory payables	2,108,198	1,854,670	664,309	701,994
Other liabilities	63,048,041	54,857,806	56,216,919	47,478,100
Unclaimed dividend	1,803,593	1,816,237	555,701	497,923
PEF payable	7,970,186	5,952,924	7,970,186	5,952,924
Professional fees payable	32,525	49,638	21,700	32,813
	<b>77,121,681</b>	<b>67,615,465</b>	<b>65,428,815</b>	<b>54,663,753</b>

Contract and other liabilities consist of items listed above and the carrying amount is at amortised cost.

	Number	Number	Number	Number
	<b>39 Employees</b>			
Number of employees during the year.				
Management staff	42	45	22	22
Senior staff	242	215	162	137
Junior staff	341	344	31	45
	<b>625</b>	<b>604</b>	<b>215</b>	<b>204</b>
	<b>₦,000</b>	<b>₦,000</b>	<b>₦,000</b>	<b>₦,000</b>
<b>Aggregate Payroll Costs:</b>				
Wages, salaries and allowances	<b>2,820,157</b>	<b>2,928,855</b>	<b>1,179,663</b>	<b>979,389</b>

**40 Related Party Transactions**

The Group's related parties include its ultimate parent, subsidiaries, sub-subsidiary, and key management. Post employment benefit plans for the Group's employees and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received.

**40.1 Ultimate Parent Company - Purebond Limited**

Opening balance	2,930,537	3,264,199	2,930,537	3,264,199
Transaction during the year	3,020,121	(333,662)	(178,393)	(333,662)
<b>Closing Balance as at 31 December</b>	<b>5,950,658</b>	<b>2,930,537</b>	<b>2,752,144</b>	<b>2,930,537</b>

The transactions that occurred during the year includes payment of management fees and others. The balance represent payables to Pure Bond.

**40.2 Related Company - Agri Chemical Limited**

Opening balance	16,136,756	19,702,825	8,142,210	19,702,825
Transaction during the year	11,626,323	(3,566,069)	8,094,052	(11,560,615)
<b>Closing Balance as at 31 December</b>	<b>27,763,079</b>	<b>16,136,756</b>	<b>16,236,262</b>	<b>8,142,210</b>

Agri Chemical Limited supplies white products and other materials which includes spare parts to NIPCO Plc.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
<b>40.3 Transactions with subsidiaries</b>				
<b>40.3.1 NIPCO Investments Limited</b>				
Opening balance	-	-	91,829,061	69,986,598
Transaction during the year			1,656,944	21,842,463
<b>Closing Balance as at 31 December</b>	<b>(0)</b>	<b>-</b>	<b>93,486,005</b>	<b>91,829,061</b>

NIPCO Investments Limited maintains intercompany transaction with NIPCO Plc for transactions carried out on it behalf. It represent NIPCO Plc receivables from NIPCO Investments Ltd.

<b>40.3.2 NIPCO Gas Limited</b>				
Opening balance	-	-	3,969,965	9,356,844
Transaction during the year			(4,941,463)	(5,386,878)
<b>Closing Balance as at 31 December</b>	<b>(0)</b>	<b>-</b>	<b>(971,497)</b>	<b>3,969,965</b>

NIPCO Plc maintain account balances relating to intercompany transactions with NIPCO Gas Limited

<b>40.3.3 NIPCO E&amp;P Limited</b>				
Opening balance	-	-	-	-
Investments during the year	450,588	-	450,588	-
<b>Closing Balance as at 31 December</b>	<b>450,588</b>	<b>-</b>	<b>450,588</b>	<b>-</b>

<b>40.4 Transactions with sub-subsidiaries</b>				
<b>11 Plc</b>				
Opening balance	-	-	2,065,913	7,236,876
Transaction during the year	-	-	(11,416,110)	(5,170,964)
<b>Closing Balance as at 31 December</b>	<b>-</b>	<b>-</b>	<b>(9,350,198)</b>	<b>2,065,913</b>

11 Plc maintains intercompany transaction with NIPCO Plc. Current year balance represent net receivables, while prior year balance represent net payable.

<b>11 Hospitality Limited</b>				
Opening balance	-	-	5,433	904
Transaction during the year	-	-	(0)	4,529
<b>Closing Balance as at 31 December</b>	<b>-</b>	<b>-</b>	<b>5,433</b>	<b>5,433</b>

11 Hospitality Limited maintains intercompany transaction with NIPCO Plc

**40.5 Transactions with key management personnel**

Key management of the Group are the executive members of board of directors. Key management personnel

<b>Short term employee benefits</b>				
Salaries, bonuses and other benefits	208,875	213,150	23,700	25,800
<b>Total remuneration</b>	<b>208,875</b>	<b>213,150</b>	<b>23,700</b>	<b>25,800</b>

**41 Contingent Liabilities**

Various legal claims were brought against the Group during the year. Unless recognised as a provision, management considers these claims to be unjustified and the probability that they will require settlement at the Group's expense is remote. This evaluation is consistent with external independent legal advice.

NIPCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021 (CONT'D)

**42 Capital Management Policies and Procedures**

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern
- to provide an adequate return to shareholders by pricing products and services in a way that reflects the level of risk involved in providing those goods and services.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented in the statement of financial position.

Management assesses the Group's capital requirements in order to maintain an efficient overall financing structure while avoiding excessive leverage. This takes into account the subordination levels of the Group's various classes of debt. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

	Group		Company	
	2021 ₦,000	2020 ₦,000	2021 ₦,000	2020 ₦,000
Total equity	125,342,766	124,966,510	76,764,485	75,289,789
Borrowings	83,240,049	64,788,221	13,588,653	15,475,252
Cash and cash equivalents	(38,194,632)	(25,918,033)	(16,373,242)	(14,758,717)
<b>Capital</b>	<b>170,388,183</b>	<b>163,836,698</b>	<b>73,979,896</b>	<b>76,006,324</b>
Total equity	125,342,766	124,966,510	76,764,485	75,289,789
Borrowings	83,240,049	64,788,221	13,588,653	15,475,252
<b>Overall financing</b>	<b>208,582,815</b>	<b>189,754,731</b>	<b>90,353,138</b>	<b>90,765,041</b>
<b>Capital-to-overall financing ratio</b>	<b>0.82</b>	<b>0.86</b>	<b>0.82</b>	<b>0.84</b>

The amounts managed as capital by the Group for the reporting periods under review are summarised above: The Group has honoured its covenant obligations, including maintaining capital ratios.

**43 Events After The Reporting Date**

There were no significant adjusting or non-adjusting events after the reporting date based on the opinion of the directors which could have had a material effect on the financial statements. COVID-19 pandemic is considered to be a non-adjusting event which is still on after the reporting date.

The company is actively and continuously monitoring the ongoing and potential impacts of the pandemic in order to mitigate and minimise the impact on its business.

**44 Authorization of Financial Statements**

The consolidated financial statements for the year ended 31 December 2021 (including comparatives) were approved by the board of directors on 21 April 2022.

# **OTHER NATIONAL DISCLOSURES**

NIPCO PLC

CONSOLIDATED STATEMENT OF VALUE ADDED  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Group				Company			
	2021 ₦,000	%	2020 ₦,000	%	2021 ₦,000	%	2020 ₦,000	%
Revenue	551,350,193		428,819,137		298,978,290		288,615,228	
Other income	13,822,088		13,114,605		3,629,966		3,380,600	
Bought materials and services	(519,847,903)		(402,715,823)		(286,470,511)		(277,255,122)	
<b>Value Added</b>	<b>31,502,290</b>	<b>100</b>	<b>26,103,314</b>	<b>100</b>	<b>12,507,779</b>	<b>100</b>	<b>11,360,107</b>	<b>100</b>
<b>Applied as follows:</b>								
<b>To Pay Employees:</b>								
Salaries, wages and other benefits	3,029,032	10	3,142,005	12	1,203,363	10	1,005,189	9
<b>To Pay Government:</b>								
Income and education taxes	4,846,363	15	3,621,578	14	2,041,074	16	1,572,321	14
<b>To Pay Providers of Capital:</b>								
Finance costs	3,008,743	10	2,603,651	10	1,833,173	15	2,123,620	19
<b>Assets Replacement Provision:</b>								
Depreciation & amortisation	14,919,900	47	13,668,154	52	5,418,754	43	4,984,714	44
<b>To Provide for the Future:</b>								
Retained profit	5,698,252	18	3,067,926	12	2,011,415	16	1,674,262	15
	<b>31,502,290</b>	<b>100</b>	<b>26,103,314</b>	<b>100</b>	<b>12,507,779</b>	<b>100</b>	<b>11,360,107</b>	<b>100</b>

Value added represents the wealth created through the efforts of the group, 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.

**NIPCO PLC**  
**5 YEARS FINANCIAL SUMMARY**

	GROUP					COMPANY				
	2021 ₦,000	2020 ₦,000	2019 ₦,000	2018 ₦,000	2017 ₦,000	2021 ₦,000	2020 ₦,000	2019 ₦,000	2018 ₦,000	2017 ₦,000
<b>Statement Of Financial Position</b>										
<b>Assets Employed</b>										
Non-current assets	280,733,496	274,447,580	271,325,938	260,440,096	181,797,019	60,161,896	61,784,351	64,708,214	66,812,001	29,888,823
Current assets	111,951,484	81,872,490	80,071,780	75,514,077	62,855,141	165,846,575	153,640,244	128,438,463	121,891,589	92,938,489
<b>Total Assets</b>	<b>392,684,980</b>	<b>356,320,070</b>	<b>351,397,717</b>	<b>335,954,173</b>	<b>244,652,160</b>	<b>226,008,471</b>	<b>215,424,595</b>	<b>193,146,676</b>	<b>188,703,590</b>	<b>122,827,312</b>
<b>Financed By</b>										
Share capital	187,668	187,668	187,668	187,668	187,668	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	2,010,588	2,010,588	2,010,588	2,010,588	2,010,588
Other components of equity	75,187,554	77,707,228	78,460,793	79,563,666	(1,747,780)	49,228,077	49,201,790	49,527,395	49,628,706	(72,808)
Retained earnings	40,432,204	36,375,147	35,235,231	31,899,627	25,491,941	25,338,152	23,889,742	22,778,486	21,985,790	21,055,433
Non-controlling interest	7,524,753	8,685,878	8,507,164	8,413,638	7,142,924	-	-	-	-	-
Non - current liabilities	97,636,168	70,296,380	101,061,696	126,809,840	130,132,429	18,106,903	9,930,518	21,089,335	45,387,592	39,325,389
Current liabilities	169,706,046	161,057,181	125,934,576	87,069,146	81,434,390	131,137,082	130,204,288	97,553,204	69,503,246	60,321,041
	<b>392,684,980</b>	<b>356,320,070</b>	<b>351,397,717</b>	<b>335,954,173</b>	<b>244,652,160</b>	<b>226,008,471</b>	<b>215,424,595</b>	<b>193,146,676</b>	<b>188,703,590</b>	<b>122,827,312</b>
<b>Statement of Profit or Loss</b>										
Revenue	551,350,193	428,819,137	443,950,869	393,855,696	313,024,395	298,978,290	288,615,228	279,838,138	254,122,766	207,078,107
Profit before taxation	10,544,615	6,689,504	14,384,037	14,824,798	12,347,922	4,052,489	3,246,583	2,984,324	2,209,975	2,667,363
Income tax expense	(4,846,363)	(3,621,578)	(8,405,040)	(5,483,909)	(4,110,097)	(2,041,074)	(1,572,321)	(1,632,388)	(730,840)	(490,943)
<b>Profit After Taxation</b>	<b>5,698,252</b>	<b>3,067,926</b>	<b>5,978,997</b>	<b>9,340,888</b>	<b>8,237,825</b>	<b>2,011,415</b>	<b>1,674,262</b>	<b>1,479,135</b>	<b>2,176,419</b>	<b>1,419,278</b>
<b>Attributable to:</b>										
Owners of the company	4,620,062	1,702,921	3,894,845	6,948,808	5,601,997	-	-	-	-	-
Non controlling interest	1,078,190	1,365,005	2,084,152	2,392,081	2,635,829	-	-	-	-	-
<b>Per Share Data {in NGN}</b>										
Basic earnings per share	30.36	16.35	31.86	49.77	43.90	10.72	8.92	7.88	11.60	7.56
Total assets per share	2,092.44	1,898.67	1,872.44	1,790.15	1,303.64	1,204.30	1,147.90	1,029.19	1,005.52	654.49
Dividend per share	-	-	-	-	-	3.25	3.00	3.00	3.75	3.50

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