

AJAKUTA STEEL COMPANY LIMITED



**AUDITED FINANCIAL STATEMENTS FOR
THE YEAR ENDED 31ST DECEMBER, 2021**



AJAOKUTA STEEL COMPANY LIMITED
ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 2024

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AJAOKUTA STEEL COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2024

REPORT OF THE DIRECTORS

The Directors submitted their report together with the Audited Financial Statements for the Year ended 31st December, 2024 which shows the state of the company affairs.

ACTIVITIES OF THE COMPANY

1 CONSTRUCTION INDUSTRY — Imports of over 4million tons of rolled steel products and over 12 million tons of other steel products at the present rate will stop, leading to savings of several billions in foreign currency per annum.

2 TRANSPORTATION (RAIL) — With rail track production in ASCL, more than \$5billion worth of rail for railway expansion and maintenance will be saved per annum.

3 PETROLEUM SECTOR (Local Content) — ASCL Engineering Workshops can provide most of the spares for Turn Around Maintenance (TAM). Value is added to concentrates, and pellet Plant waste to produce Pigcoat which is used for coating under water petroleum pipelines.

4 COMMUNICATION — Communication Towers can be produced in Ajaokuta; saving the country billions of dollars being spent on importation of components of Communication and power Towers. Investment opportunities will be created in both downstream and upstream sectors, e. g. (i) In power transmission — pylons, insulations and conductors, etc (ii) Power distribution — Transformers, poles, cables, etc

5 POWER TRANSMISSION TOWERS — Transmission towers can be produced in Ajaokuta.

6 EMPLOYMENT GENERATION - With the completion and commissioning of the steel plant to produce 1.3million MT per annum of liquid steel, Ajaokuta Steel plant would become a net provider of employment:

- Direct Employment-10,000;
- Indirect employment — over 500,000 of Unskilled, Semi-Skilled and Skilled Workers and various professionals in the downstream and upstream industries and services

7. CEMENT/MINING INDUSTRIES — Spares/Repairs in cement industries can be made in Ajaokuta saving foreign currency. At the moment, a good number of Local Plants patronize ASCL workshops for parts that could have been otherwise imported.

8. TRAINING — Establishment of a nascent pool of engineering skills at Ajaokuta that will stimulate and sustain engineering manufacturing base for the Nigerian economy. There is available a training Centre well equipped for technician and craftsman training.

9 UPSTREAM/DOWNSTREAM INDUSTRIES —With the availability of products and byproducts of Ajaokuta Steel Company more of these satellite industries will come on stream thus motivating industrial activities that will keep the economy moving.

AJAOKUTA STEEL COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2024

Report of the Directors (Cont'd)

10. Foreign Exchange Saver/Earner — Billions of foreign exchanges will be saved as most of the products of ASCL e. g. reinforcement bars, round coils, spare parts, etc hitherto imported can now be produced locally. Also, the Company (ASCL) has the capacity to export rolled products to West African markets thereby earning foreign exchange for the country

11. Input for Small and Medium Industries — With the availability of the products and by-products of Ajaokuta, more of these industries will naturally come on stream.

12. Motor and Ship Building Industries — With the availability of flat sheet, structures, spares and other parts, motor and ship building become easier.

13. Agro and Chemical Based Industries — Will have their base increased tremendously etc.

OPERATING RESULT:

The operating results of the Company for the year ended 31st December, 2024 is set out on page (9) of the Financial Statements.

Directors

The members of the management team who served during the year under review are shown on page 2.

AUDITORS

In accordance with the Companies and Allied Matters Act of 2020, **Messrs J. Femi Adebisi & Co.** are willing to continue as Auditors of the Company.

BY ORDER OF THE BOARD

Date.....

AJAOKUTA STEEL COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER, 2024
STATEMENT OF DIRECTORS' RESPONSIBILITIES

This report, including the opinions, has been prepared for and only for the Board members as a body in accordance with Chapter 3 of Part 16 of the Companies and Allied Matters Act 2020 and for no other purpose.

As required by law for the Directors to prepare financial statements in respect of Ajaokuta Steel Company Limited, which give a true and fair view of the state of affairs of the establishment at the end of the financial year 31st December, 2024 and the operating results of Ajaokuta Steel Company Limited for the year ended 31st December, 2024. The Directors are also required to ensure that they keep proper accounting records which disclose with reasonable accuracy the financial position of the entity. The Directors are also responsible for safeguarding the assets of the establishment.

The Directors were responsible for the preparation and presentation of the entity's financial statements, which give a true and fair view of the state of affairs of the Company for and as at the end of the financial year (period) ended 31st December, 2024. This responsibility includes:

- (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period;
- (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of Ajaokuta Steel Company Limited;
- (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to errors or fraud;
- (iv) safeguarding the assets of the establishment;
- (v) selecting and applying appropriate accounting policies; and
- (vi) making accounting estimates that were reasonable in the circumstances.

The Directors accept responsibility for the entity's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Public-Sector Accounting Standards (IPSASs). The Directors are of the opinion that the Company's financial statements give a true and fair view of Ajaokuta Steel Company Limited transactions during the financial year ended 31st December, 2024, and of the establishment financial position as at that date. The Directors further confirmed the completeness of the accounting records maintained for Ajaokuta Steel Company Limited, which were relied upon in the preparation of the Company's financial statements as well as the adequacy of the systems of internal financial control. Nothing has come to the attention of the Directors to indicate that the entity will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the Financial Statements

The Company's financial statements were approved by the Management on 31st December, 2024 and signed on behalf of the Management by:

Engr. Kanwai Atungs Joseph
Ag. Sole Administrator/CEO
FRC/2022/PRO/DIR/008/25725

J. FEMI ADEBISI & CO.

(CERTIFIED NATIONAL ACCOUNTANTS)

REGISTERED OFFICE:
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ABUJA OFFICE:
Suite B22, Danzilyal Plaza,
Central Area, Abuja.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AJAOKUTA STEEL COMPANY LIMITED FOR THE YEAR ENDED 31ST DECEMBER, 2024.

Auditors' Opinion

In our opinion, the Company's Financial Statements give a true and fair view of the financial position and of the Cash Flow Statement of Ajaokuta Steel Company Limited for the period ended 31st December, 2024 in accordance with the International Public Sector Accounting Standards and relevant Statements of Accounting Standards approved by the Financial Reporting Council of Nigeria, "except for" the substantial dependence of the company on External Financing.

Basis of the Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). These Standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material mis-statement. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the estimates and judgments made by the management in the preparation of the financial statements, and whether the accounting policies are appropriate to the company circumstances, consistently applied and adequately disclosed. We noted the need for continuous understanding of the bankers and lenders of funds to ensure continuity of the company.

We planned and performed our audit so as to obtain all the information and explanations which we consider necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free of material mis-statements, whether caused by fraud, other irregularities or errors. In forming our opinion, we also evaluated the overall adequacy of the presentation of the financial statements.

Going Concern

Under the Listing Rules we are required to review the Directors' statement set out on page 4, in relation to going concern.

We have nothing adverse to report having performed our review. As noted in the Directors' statement, the Directors have concluded that it is appropriate to prepare the Company's financial statements using the Going Concern Basis of Accounting.

The going concern basis presumes that the Company has adequate resources to remain in operation, and that the Directors intend it to do so for at least one year from the date the financial statements were signed. As part of our audit, we have concluded that the Directors' use of the going concern basis is appropriate.

Other matters on which we are required to report by exception: Adequacy of Information and explanations received

Under the Companies and Allied Matters Act Cap C20 2020 we are required to report to you if, in our opinion we have received all the information and explanations we required for our audit. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit: Our responsibilities and those of the Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 7 to 14, the directors are responsible for the preparation of the Company financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the Company financial statements in accordance with applicable laws and relevant Statements of Accounting Standards issued by the Financial Reporting Council of Nigeria. Those standards require us to comply with the Auditing Practices and Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Board members as a body in accordance with Chapter 3 of Part 16 of the Companies and Allied Matters Act 2020 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save except where expressly agreed by our prior consent in writing.

J. Femi Adebisi & Co.
(Certified National Accountants)
Lokoja.
FRC/2018/COY/00000011890

2024



AJAKUTA STEEL COMPANY LIMITED

STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER, 2024

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

Basis of Accounting

The accounts are prepared under the historical cost convention.

Turnover

Turnover represents the net value of goods invoiced to customers.

Non-Current Assets

Non-Current assets are stated at cost less accumulated depreciation.

Depreciation

Depreciation charged on non-current assets is calculated on a straight-line basis to write off their costs over their estimated useful lives at the following annual rates:

	%
Land and Building	5
Steel Plant Complex	5
Plant and Machinery, Workshop and Training Equipment, Laboratory Warehouse, Electrical Installation, Geological Survey Equipment	10
Air strip	10
River Port	5
Office, Safety, Household and Medical Equipment	15
Motor Vehicles	25
Household and Office soft Furniture	25
Amortization: Accounting Software	50

Inventory and Work-in-Progress

Inventory and work-in-progress are stated at the lower of cost and net realizable value. Cost consists of direct materials and labour plus the relevant proportion of production overheads.

Foreign Currencies

Transactions arising in foreign currencies are converted into Naira at the approximate rates of exchange ruling at the dates of transactions.

Foreign currency balances are converted to the naira at the rates of exchange ruling at the Statement of Financial Position date and the resulting profit or loss on exchange is taken to the profit or loss account.

Receivables

Debtors and prepayments are stated after deduction of balances considered doubtful of recovery.

Investments

Investments are stated at cost less provision for diminution in the value of the investments.

AJAKUTA STEEL COMPANY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2024

<u>CODE</u>	<u>NOTE</u>	<u>2024</u> N	<u>2023</u> N
32 <u>NON-CURRENT ASSETS</u>			
3201 Property, Plant & Equipment	1	79,011,729,264	79,030,978,664
Intangible Assets	2	10	10
		<u>79,011,729,274</u>	<u>79,030,978,674</u>
31 <u>CURRENT ASSETS</u>			
310201 Cash & Cash Equivalents	3	220,440	80,730,065
310601 Receivables	4	70,146,039	75,732,357
310501 Inventories	5	273,992,706	274,090,687
		<u>344,359,185</u>	<u>430,553,109</u>
Total Assets		<u><u>79,356,088,456</u></u>	<u><u>79,461,481,778</u></u>
<u>CURRENT LIABILITIES</u>			
Payables	6	(26,732,866,755)	(21,385,389,810)
		<u>(26,732,866,755)</u>	<u>(21,385,389,810)</u>
<u>NON-CURRENT LIABILITIES</u>			
Energy Consumption Account	7	(5,354,087,410)	(1,647,452,427)
Total Liabilities		<u>(32,086,954,165)</u>	<u>(23,032,842,237)</u>
NET ASSETS		<u><u>47,269,134,291</u></u>	<u><u>56,428,639,541</u></u>
41 <u>NET ASSETS/EQUITY</u>			
Long Term Loan	8	80,656,142,419	80,656,142,419
Accumulated Fund	9	(35,458,651,687)	(25,988,670,730)
Capital Grant	10	2,071,643,559	1,761,167,852
		<u>47,269,134,291</u>	<u>56,428,639,541</u>

..... **SOLE ADMINISTRATOR /CEO**
FRC/2022/PRO/DIR/008/25725

..... **HEAD (FINANCE & ACCOUNT)**
FRC/2021/001/25244

The Accounting Policies on page 7 and notes on pages 9 to 34 form an integral part of these accounts

AJAKUTA STEEL COMPANY LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31ST DECEMBER, 2024

<u>CODE</u>	NOTES	2024 N	2023 N
1 REVENUE FROM EXCHANGE TRANSACTIONS			
Internally Generated Revenue	11	76,006,940	450,500
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Other Revenue	12	65,854,468	65,296,316
Overhead Subvention	13	86,277,470	57,571,346
Personnel Subvention	14	5,263,366,067	4,280,736,419
210201 Capital Subvention	23	310,475,707	335,096,443
Total Revenue		<u>5,801,980,652</u>	<u>4,739,151,024</u>
2 EXPENDITURE			
21 Personnel Cost	17	5,267,886,067	4,284,836,419
220205 Training and Development	18	5,844,700	2,065,570
220210 Administrative Expenses	19	318,883,927	283,775,864
220209 Financial Charges	20	281,987	206,948
2401 Depreciation	21	22,992,413	56,633,906
Constituency Projects	22	260,305,180	398,906,384
Total Expenses		<u>5,876,194,274</u>	<u>5,026,425,091</u>
Surplus/(Deficit) during the year		<u>(74,213,622)</u>	<u>(287,274,067)</u>
Surplus/(Deficit) After Tax		<u>(74,213,622)</u>	<u>(287,274,067)</u>

The Accounting Policies on page 7 and notes on pages 12 to 31 form an integral part of these accounts.

AJAKUTA STEEL COMPANY LIMITED
STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 31ST DECEMBER, 2024

	2024	2023
	₦	₦
CASHFLOW		
<u>Cashflows from Operating Activities</u>		
Internally Generated Revenue	76,006,940	450,500
Overhead Subvention	86,277,470	57,571,346
Personnel Subvention	5,263,366,067	4,280,736,419
Capital Subvention	310,475,707	335,096,443
Cashflows from other Sources	65,854,468	65,296,316
Total Inflow	5,801,980,652	4,739,151,024
21 Personnel Cost	(5,267,886,067)	4,284,836,419)
220205 Training and Development	(5,844,700)	(2,065,570)
220210 Administrative Expenses	(318,883,927)	(283,775,864)
Constituency Projects	(260,305,180)	(398,906,384)
220209 Financial Charges	(281,987)	(206,948)
Increase/Decrease in Operation	(51,221,209)	(230,640,161)
<u>Changes in Working Capital</u>		
310501 (Increase)/Decrease in Inventories	97,981	10,068,557
310601 (Increase)/Decrease in Receivables	5,586,313	(25,956,266)
410401 Increase / (Decrease) in Payables	5,347,476,945	(3,901,783,689)
Net Cashflow from Operating Activities	5,301,940,030	(4,148,311,559)
<u>Cashflows from Investing Activities</u>		
3201 Purchase of Property, Plant & Equipment	(3,910,000)	(7,708,680)
Net Cashflow from Investing Activities	(3,910,000)	(7,708,680)
<u>Cashflows from Financing Activities</u>		
Federal Government Grants	310,475,707	335,096,443
43020102 Adjusted Balance During the Year	(5,689,015,364)	3,899,500,141
Net Cashflow from Financing Activities	(5,378,539,657)	4,234,596,584
Net Increase/(Decrease) in Cash & Cash Equivalents	(80,509,627)	78,576,345
310201 Cash & Cash Equivalent at the Beginning of the Year	80,730,067	2,153,722
310201 Cash & Cash Equivalent at the End of the Year	220,440	80,730,067

The accounting policies on page 7 and notes on pages 12 to 31 form an integral part of these accounts

AJAOKUTA STEEL COMPANY LIMITED
2024 BUDGET EXECUTION/PERFORMANCE

BUDGET ITEM	APPROPRIATION	RELEASE	UTILIZATION	PERFORMANCE BASED ON APPROPRIATION
	N	N	N	%
Personnel Cost	4,296,227,829	4,296,227,829	5,263,366,067	123
Overhead Cost	100,216,980	86,278,124	86,277,237	86
Capital	787,055,838	310,475,707	310,473,706	39
TOTAL	5,183,500,647	4,692,981,660	5,660,117,010	

AJAOKUTA STEEL COMPANY LIMITED
STATEMENT OF CHANGE IN EQUITY FOR THE YEAR
ENDED 31ST DECEMBER 2024

<u>DESCRIPTIONS</u>	<u>CAPITAL GRANTS</u> N	<u>LONG TERM LOAN</u> K	<u>ACCUMULATED RESERVE</u> H	<u>TOTAL</u> H
Opening Balance	1,761,167,852	20,856,142,419	(25,992,879,795)	5,624,430,476
Opening Balance Revised	1,761,167,852	20,856,142,419	(25,992,879,795)	5,624,430,476
Less: Provisions				
Supplies (Debit) during the year	1,761,167,852		76,587,566	76,587,566
Addition During the Year	319,475,771	20,856,142,419	(25,992,879,795)	5,624,430,476
Adjusted Balance During the Year	2,171,643,623	20,856,142,419	(25,992,879,795)	6,934,906,247

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Compliance and Basis of Preparation – IPSAS 1

The Ajaokuta Steel Company Limited (ASCL) financial statements have been prepared in accordance and compliance with the International Public Sector Accounting Standards (IPSAS). The financial statements are presented in Nigeria Naira, which is the functional and reporting currency of the company and all values are rounded to the nearest thousand (N000). The accounting policies have been consistently applied to all the years presented.

The financial statements have been prepared on the basis of historical cost, unless stated otherwise. The cash flow statement is prepared using the direct method. The financial statements are prepared on accrual basis.

2. Summary of Significant Accounting Policies

a) Revenue Recognition

i) Revenue from Non-Exchange Transactions – IPSAS 23

Fees, Taxes and Fines

The establishment recognizes revenues from fees, taxes and fines when the event occurs and the asset recognition criteria are met. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, deferred income is recognized instead of revenue. Other non-exchange revenues are recognized when it is probable that the future economic benefits or service potential associated with the asset will flow to the entity and the fair value of the asset can be measured reliably.

Transfers from other Government Entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to Ajaokuta Steel Company Limited and can be measured reliably.

ii) Revenue from Exchange Transactions – IAS 18

Rendering of Services

Ajokuta Steel Company Limited recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours.

Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of Goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably and it is probable that the economic benefits or service potential associated with the transaction will flow to the establishment.

Interest Income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Dividends

Dividends or similar distributions must be recognized when the shareholder's or the Company's right to receive payments is established. As at the moment there is neither production or sales

Rental Income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

b) Budget Information – IPSAS 24

The annual budget is prepared on the accrual basis, that is, all planned costs and income are presented in a single statement to determine the needs of the establishment. As a result of the adoption of the accrual basis for budgeting purposes, there are no basis, timing or comparative differences that would require reconciliation between the actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

c) Taxes – IAS 12

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the areas where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the

extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are recognized at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit.

Deferred tax items are recognized in correlation to the underlying transaction in net assets

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable company.

Sales Tax

Expenses and assets are recognized net of the amount of sales tax, except:

When the sales tax incurred on a purchase of assets or services is not recoverable from the taxable company, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable

When receivables and payables are stated with the amount of sales tax included the net amount of sales tax recoverable from, or payable to, the taxable company is included as part of receivables or payables in the statement of financial position.

d) Investment Property – IPSAS 16

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property.

Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a 10-year period.

Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use.

e) Property, Plant and Equipment – IPSAS 17

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases – IPSAS 13

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the company. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The company also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the company. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

g) Intangible Assets – IPSAS 31

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred.

The useful life of the intangible assets is assessed as either finite or indefinite.

i) Research and Development Costs

The company expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the company can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

- The debtors or a group of debtors are experiencing significant financial difficulty Default or delinquency in interest or principal payments
- The probability that debtors will enter bankruptcy or other financial reorganization
- Observable data indicates a measurable decrease in estimated future cash flows (e.g. changes in arrears or economic conditions that correlate with defaults)

ii) **Financial Liabilities**

Initial Recognition and Measurement

Financial liabilities within the scope of IPSAS 29 are classified as financial liabilities at fair value through surplus or deficit or loans and borrowings, as appropriate. The company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings, plus directly attributable transaction costs.

Loans and Borrowing

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in surplus or deficit when the liabilities are derecognized as well as through the effective interest method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate.

i) **Inventories – IPSAS 12**

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

Raw materials: purchase cost using the weighted average cost method

Finished goods and work in progress: cost of direct materials and labor and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a

nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of the establishment.

j) Provisions – IPSAS 19

Provisions are recognized when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where Ajaokuta Steel Company Limited expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain.

The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent Liabilities

The company does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent Assets

The entity does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

k) Nature and Purpose of Reserves

Ajaokuta Steel Company Limited creates and maintains reserves in terms of specific responsibilities. The entity to state the reserves maintained and appropriate policies adopted.

l) Changes in Accounting Policies and Estimates – IPSAS 3

The company recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

m) Employee Benefits – IPSAS 25

Retirement Benefit Plans

The entity provides retirement benefits for its employees. Defined contribution plans are post-employment benefit plans under which a company pays fixed contributions into a separate company (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable.

Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employees. The contributions and lump sum payments reduce the post-employment benefit obligation.

n) Foreign Currency Transactions – IPSAS 4

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

o) Borrowing Costs – IPSAS 5

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment.

Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

p) Related Parties – IPSAS 20

The entity regards a related party as a person or a company with the ability to exert control individually or jointly, or to exercise significant influence over the establishment, or vice versa. Members of key management are regarded as related parties and comprise the councilors, the executive mayor, mayoral committee members, the city manager, deputy city manager and senior managers.

q) Service Concession Arrangements – IPSAS 32

The entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the establishment recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the company also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

r) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Nigeria (CBN) and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprest and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

s) Comparative Figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

t) Significant Judgments and Sources of Estimation Uncertainty – IPSAS 1

The preparation of the company's financial statements in conformity with IPSAS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made: e.g

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the company. Such changes are reflected in the assumptions when they occur.

Useful Lives and Residual Values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the company
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed

- Availability of funding to replace the asset
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

u) Subsequent Events – IPSAS 14

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended 31st December, 2024.

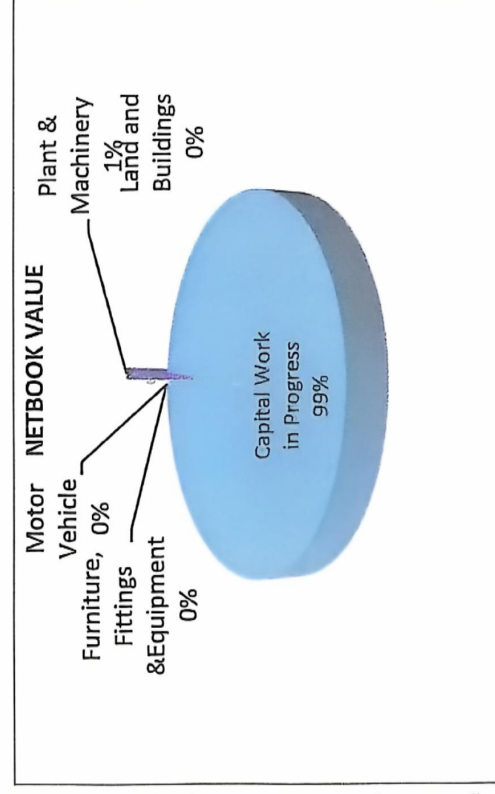
AJAKUTA STEEL COMPANY LIMITED
NOTE TO THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER, 2024

1 NON-CURRENT ASSETS

	Land and Buildings	Motor Vehicles	Plant & Machinery	Furniture, Fittings & Equipment	Capital Work in Progress	Total
Rate	25%	25%	10%	25%		
Cost	₦	₦	₦	₦	₦	₦
At 1 January, 2024	411,065,117	246,844,148	2,731,939,380	686,512,868	78,021,875,904	82,098,237,417
Additions during the year				3,910,000		
At 31 December, 2024	411,065,117	246,844,148	2,731,939,380	690,422,868	78,021,875,904	82,098,237,417
Depreciation						
At 1 January, 2024	372,293,362	246,772,728	1,828,521,894	619,837,769	-	3,067,425,753
Charge for the year	57,208	71,410	7,883,374	14,980,421		22,992,413
At 31 December, 2024	372,350,570	246,844,138	1,836,405,268	634,818,190	-	3,090,418,166
Net Book Value						
At 31 December, 2024	38,714,547	10	895,534,112	55,604,688	78,021,875,904	79,011,729,261
At 31 December, 2023	38,771,755	71,420	903,534,486	66,675,099	78,021,875,904	79,030,928,664

2 INTANGIBLE ASSETS

Cost	Accounting Software	Motor Vehicle	Plant & Machinery	Land and Buildings	Total
At 1 January, 2024	20,919,552	-	0%	0%	20,919,552
Additions during the year	-	-	0%	0%	-
At 31 December, 2024	20,919,552	20,919,552	0%	0%	20,919,552
Amortization					
At 1 January, 2024	20,919,542	-	-	-	20,919,542
Charge for the year	-	-	-	-	-
At 31 December, 2024	20,919,542	20,919,542	0%	0%	20,919,542
Net Book Value					
At 31 December, 2024	10	10	100%	99%	10
	10	10	100%	99%	10



AJAOKUTA STEEL COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2024

	2024	2023
	N	N
CODE		
310201 3. <u>CASH AND CASH EQUIVALENTS</u>		
Budget Line Fund - Capital	2,001	-
Budget Line Fund - Overhead	887	654
CBN: ASCL CAP A/c - 3000042677	10,455	80,000,000
CBN: ASCL A/c - 3000049614	348	588,015
FBN Plc ASCL A/c - 2010371336	205,142	139,789
UBN (IMC/Overhead Acct) - 1011690758	1,607	1,607
	220,440	80,730,065
310601 4. <u>RECEIVABLES</u>		
NIOMCO Ltd Itakpe	37,691,084	37,691,084
Interim Management Committee	1,157,567	1,157,567
Nigerian Staff Advances	12,569,878	15,906,191
Other Staff Loans and Advances		-
Sundry Creditors - Contract Labour	120,000	120,000
Sundry Creditors for Expenses	2,599,070	4,849,070
Sundry Creditors for Purchases	13,964,328	13,964,328
Sundry Creditors for Legal Expenses	600,000	600,000
Cash Imprest	1,364,694	1,364,694
Salary Related Receivables	79,418	79,418
	70,146,039	75,732,352
310501 5. <u>INVENTORIES</u>		
Stores and Spares	205,566,580	205,664,561
Raw Materials	68,426,126	68,426,126
	273,992,706	274,090,687

AJAOKUTA STEEL COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2024

<u>CODE</u>	<u>2024</u>	<u>2023</u>
	N	N
1010441 <u>6. PAYABLES</u>		
Salary Related Liabilities	1,174,314,349	1,174,414,349
Duties & Taxes	85,830,633	108,476,095
Sundry Creditors - Contract Labour	309,760,714	251,810,258
Sundry Creditors for Expenses	60,870,466	60,193,666
Sundry Creditors for Purchase	24,881,745,951	19,576,652,059
Sundry Creditors for Legal Expenses	186,449,500	186,449,500
Cash Imprest	2,434,434	3,151,734
Nigerian Staff Advances	23,042,594	23,144,744
Other Staff Loans & Advances	34,796	-
Pension Fund Administrator	1,097,405	1,097,405
Sub Treasury of the Federation	7,285,913	7,285,913
	<u>26,732,866,755</u>	<u>21,385,389,810</u>
 <u>7. ENERGY CONSUMPTION ACCOUNT</u>		
Energy and Capacity	4,887,602,337	1,374,105,588
Energy Consumption A/c		-
Wheeling and Administrative Charges	466,485,073	273,346,839
	<u>5,354,087,410</u>	<u>1,647,452,427</u>
 <u>8. LONG TERM LOAN</u>		
Balance B/F 1/1/2024	80,656,142,419	80,656,142,419
Loan Repayment		-
Special Loan		-
Balance C/F 31/12/2024	<u>80,656,142,419</u>	<u>80,656,142,419</u>
 430201 <u>9. ACCUMULATED FUND</u>		
43020101 Balance Brought Forward	(25,988,670,730)	(29,621,150,916)
Surplus/(Deficit) During the Year	(74,213,624)	(287,274,067)
Adjusted Balance During the Year	(9,395,649,353)	3,919,754,253
Accumulated Surplus/Deficit	<u>(35,458,533,707)</u>	<u>(25,988,670,730)</u>
 430101 <u>10. CAPITAL GRANTS</u>		
43010101 Balance Brought Forward	1,761,167,852	1,426,071,409
Received During the Year	310,475,707	335,096,443
	<u>2,071,643,559</u>	<u>1,761,167,852</u>

AJAKUTA STEEL COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2024

<u>CODE</u>	2024	2023
	N	N
<u>11. INTERNALLY GENERATED REVENUE</u>		
Misc Income: Contr Reg Fees & other Charges		125,000
Misc Income: Ground Rent	75,345,940	-
Misc Income: House Rent	27,000	145,500
Misc Income: Other Rent	120,000	60,000
Misc Income: Tender Fee	150,000	80,000
Misc Income: Other Services	-	40,000
	<u>76,006,940</u>	<u>450,500</u>
<u>12. OTHER REVENUE</u>		
Misc Income: Salaries in Licu of Notice	-	477,019
Rent Received From Staff	7,064,246	6,501,407
Staff Utilities Deduction	56,409,098	57,541,207
Misc Income: Surcharge of Consumable Equip.	1,913,204	776,683
Insurance Claim Received	467,920	
	<u>65,854,468</u>	<u>65,296,316</u>
<u>13. OVERHEAD SUBVENTION</u>		
Federal Government Allocation Received	86,277,470	57,571,346
	<u>86,277,470</u>	<u>57,571,346</u>
<u>14. PERSONNEL SUBVENTION</u>		
Federal Government Allocation Received	5,263,366,067	4,280,736,419
	<u>5,263,366,067</u>	<u>4,280,736,419</u>
<u>15. CAPITAL SUBVENTION</u>		
Constituency Project Subvention	260,305,180	335,096,443
ASCL Project Subvention	50,170,527	-
	<u>310,475,707</u>	<u>335,096,443</u>

STATE OF NIGERIA
MINISTRY OF AGRICULTURE AND RURAL DEVELOPMENT
AGRICULTURAL DEVELOPMENT CORP. (ADC)

	<u>2014</u>	<u>2013</u>
<u>ASSETS</u>	<u>N</u>	<u>₦</u>
<u>10. CURRENT ASSETS</u>		
Staff Salaries	3,763,366,067	4,280,736,819
Contract Staff Salaries	4,270,000	4,100,000
	<u>3,767,636,067</u>	<u>4,284,836,819</u>
<u>11. FINANCIAL AND PROVISIONS</u>		
Grants-in-Aid, Donations and Conting	5,844,700	2,065,570
	<u>5,844,700</u>	<u>2,065,570</u>
<u>12. ADMINISTRATIVE EXPENSES</u>		
Advertising & Publicity Promotions	1,000,000	1,315,600
Apokuta Comm. Liaison Office Allowance	500,000	500,000
Catering and Staff Welfare Expenses	450,000	190,000
Cleaning, Environmental Sanitation and Pest Control	28,528,600	12,554,401
Consumable - Electrical	-	12,504,166
Consumable - General	1,013,000	159,900
Consumable - Chemicals and Insecticides	13,500,000	26,715,000
Fire Service Related Expenses	360,000	-
Donation and Gift	1,350,000	1,560,540
Electricity Bills (PHCN)	77,000	203,800
Entertainment Expenses	25,981,120	7,383,346
Fuel & Lubricant	38,670,739	8,402,385
Consumable - Ingr. Works	2,367,090	-

AJAOKUTA STEEL COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2024

CODE	2024 N	2023 N
Information Technology Related Expenses	2,137,500	42,500
Legal Expenses	1,620,000	
Newspapers, Books, Journals and Magazines	294,400	294,400
Photo & Video Coverage Expenses		95,000
Postages, Telephone and Cables	3,240,200	4,745,325
Printing and Stationary	5,498,950	3,165,050
Rent and Rate		15,884,736
Security Expenses	51,214,520	38,753,244
Soft Office Materials	300,000	200,000
Staff Burial Expenses		22,550
Professional & Consultancy Services	1,150,000	
Insurance Settlement	467,920	
Information Technology Related Expenses		
Water Rate	-	30,738
Transportation Expenses/Logistics Expenses	-	5,000
Travelling Expenses (Local)	11,523,213	2,756,204
Uniform and Safety Wears Expenses	1,509,500	625,000
NYSC Allowance	-	280,000
Repairs and Maintenance (Note 19.1)	41,280,485	19,376,082
Labour Cost (Note 19.3)	85,049,690	125,803,949
	<u>318,883,927</u>	<u>283,775,864</u>

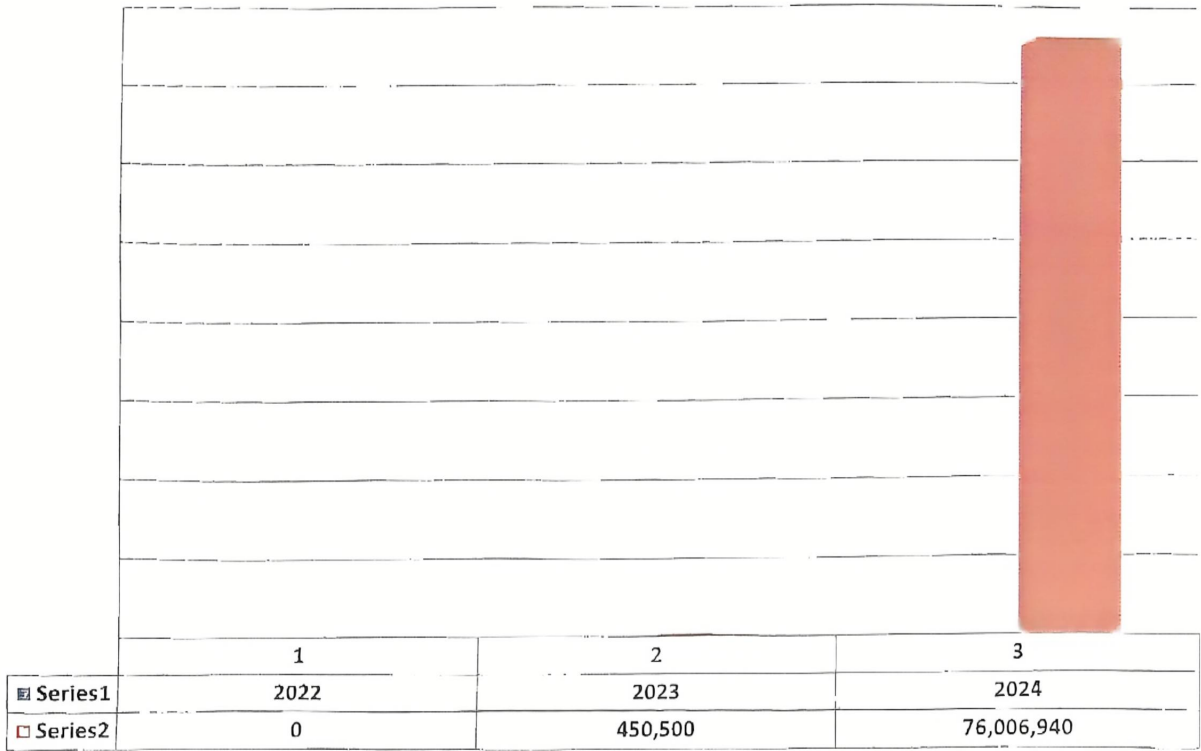
AJAKUTA STEEL COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2024

CODE	2024 N	2023 N
19.1 REPAIRS AND MAINTENANCE		
Repair and Maintenance - General	1,000,150	
Repair and Maintenance - Power Plant	12,000,100	
Repair and Maintenance - Electrical		15,000
Repair and Maintenance - Motor Vehicles Cycle	6,561,785	2,087,700
Repair and Maintenance - Office Building	2,094,700	999,651
Repair and Maintenance - Office Equipment	1,075,800	1,157,885
Repair and Maintenance - Plant & Machinery	230,000	900,760
Repair and Maintenance - Residential Building	1,062,400	190,000
Repair and Maintenance - Water Supply Facilities	9,719,150	13,202,088
	41,280,485	19,376,082
 19.2 LABOUR COST		
Labour Cost: Service Charge	4,176,565	
Labour Cost: Skilled Manpower	8,753,484	
Labour Cost: Lagos Liason Office	240,000	519,200
Labour Cost: Semi Skilled	16,944,643	10,303,094
Labour Cost: Skilled Graduate Manpower	47,210,000	103,132,558
Labour Cost: Skilled Graduate Manpower 2	2,480,000	
Labour Cost: Un-Skilled Manpower	5,045,000	11,849,096
	85,049,690	125,803,948

AJAOKUTA STEEL COMPANY LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER, 2024

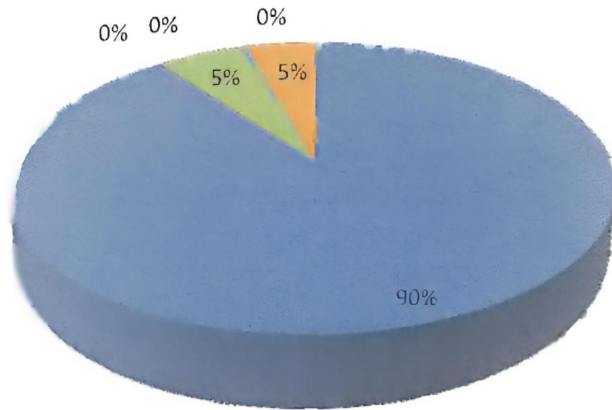
<u>CODE</u>	2024	2023
220209 20. <u>FINANCIAL CHARGES</u>		
22020901 Bank Charges (VAT, COT, INT, CBN Service Charge)	281,987	206,948
	<u>281,987</u>	<u>206,948</u>
 2401 21. <u>DEPRECIATION</u>		
24010101 Land and Buildings	57,208	57,208
24010405 Motor Vehicles	71,410	3,407,100
24010301 Plant and Machinery	7,883,374	38,421,322
24010601 Furniture, Fittings & Equipment	14,980,421	14,748,276
	<u>22,992,413</u>	<u>56,633,906</u>
 22. Constituency Projects		
Empowerment Tools and Equipement		139,379,278
Renovation of Class Rooms and Office Buildings	46,502,980	-
Rehabilitation of Roads	27,897,500	
Installation of Solar Street Light	185,904,700	185,902,106
Workshop, Seminar & Training Equipment		73,625,000
	<u>260,305,180</u>	<u>398,906,384</u>

ANALYSIS OF THREE (3) YEARS REVENUE



ANALYSIS OF 2024 EXPENDITURE

- Personnel Cost
- Training and Development
- Administrative Expenses
- Financial Charges
- Depreciation
- Constituency Project





AJAKUTA STEEL COMPANY LIMITED