

PFI-NPK Limited

Annual report and financial statements

For the year ended 31 December 2024

PFI-NPK Limited
Annual report and financial statements
For the year ended 31 December 2024
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Corporate information

Directors

Mr. Tajudeen Datti-Ahmed	(Appointed 04 November 2024)
Mr. Olufemi Ayokunle Ogunseinde	(Appointed 04 November 2024)
Mr. Ume Armstrong Takang	(Appointed 05 May 2025)
Mr. Mohammed Sabo	(Resigned 04 November 2024)
Mr. Udechukwu Obi Osakwe	

Company secretary

Mr. Abdulqawil Bello
The Clan Place
4th Floor
Plot 1386A, Tigris Crescent
Maitama
Abuja
Lagos, Nigeria

Registered office

The Clan Place
4th Floor
Plot 1386A, Tigris Crescent
Maitama
Abuja
Lagos, Nigeria

Bankers

Central Bank of Nigeria
United Bank for Africa Plc
Unity Bank Plc
Zenith Bank Plc
Union Bank of Nigeria Plc
JP Morgan Chase & Co
Fidelity Bank Plc

Auditors

PricewaterhouseCoopers
FF Millenium Towers
13/14 Ligali Ayorinde Street
Victoria Island
Lagos

PFI-NPK Limited
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Directors' report

1 Financial statements

The Directors present their annual report on the affairs of PFI-NPK Limited ("the Company"), together with the audited financial statements and independent auditor's report for the year ended 31 December 2024.

2 Principal activities

PFI-NPK Limited (formerly known as NAIC-NPK Limited) was established to stimulate local production of NPK fertilizer by reviving the local blending fertilizer industry, making fertilizer available for Nigerian farmers at affordable prices, and ensuring NPK fertilizer is available for farmers in time for wet season farming. PFI-NPK Limited was set up by the Nigeria Sovereign Investment Authority of Nigeria (NSIA) through its subsidiaries NSIA Agricultural Investment Company Limited (NAIC) and NSIA Property Investment Company Limited.

The Company is now fully (100% equity) owned by the Ministry of Finance Incorporated (MOFI), following the transfer of ownership to the Ministry of Finance Incorporated, which became effective on 30 September 2021. The transfer of ownership necessitated the change of name from NAIC-NPK Limited to PFI-NPK Limited.

The principal activities of PFI-NPK for the year under review were sales of fertilizers, purchase, and sales of raw materials i.e., DAP, MOP, GAS and urea.

3 Operating results

The following is the summary of the Company's results:

	31 December 2024	31 December 2023
	N'000	N'000
Revenue	389,533,648	182,204,199
Profit before tax	12,665,353	13,718,074
Income tax expense	(6,157,936)	(4,295,224)
Profit after tax	6,507,417	9,422,850
Total comprehensive income for the year	6,507,417	9,422,850

4 Directorate

The directors in office during the year and as at the date of this report are as follows:

Directors	Designation	Nationality
Mr. Tajudeen Datti-Ahmed	Non - executive director	Nigerian
Mr. Olufemi Ayokunle Ogunseinde	Non - executive director	Nigerian
Mr. Udechukwu Obi Osakwe	Non - executive director	Nigerian
Mr. Ume Armstrong Takang	Non - executive director	Nigerian

5 Directors' interests in contracts

For the purpose of Section 303 of the Companies and Allied Matters Act of Nigeria 2020, none of the Directors had direct or indirect interest in contracts or proposed contracts with the Company during the period.

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6 Dividends

There was no dividend declared for the financial year ended 31 December 2024 (31 December 2023: Nil).

7 Auditors

The Company's auditors, Messrs PricewaterhouseCoopers have expressed their willingness to continue in office as the Company's auditors in accordance with Section 401(2) of the Companies and Allied Matters Act of Nigeria 2020.

8 Employee information

The Company has no employees during the years ended 31 December 2024 and 31 December 2023. All Company's activities are undertaken by consultants. In 2021, The Company entered into a management agreement with the Nigeria Sovereign Investment Authority (NSIA) to help manage its activities. This agreement also covers the management activities provided by NSIA in the year 2024. Expenses incurred for services rendered by consultants and managers have been disclosed in Note 11.

9 Subsequent events

There are no subsequent events or transactions that have occurred since the date of the statement of financial position or are pending that would have a material effect on the financial statements for the year ended 31 December 2024.

10 Donations

There were no donations during the year ended 31 December 2024 (31 December 2023: Nil).

Mr. Abdulqawil Bello

Company Secretary

FRC/2024/PRO/DIR/003/462455

..... October 2025

PFI-NPK Limited

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Corporate responsibility for financial statements

In compliance with the requirements of section 405(1) of the Companies and Allied Matters Act (CAMA), we hereby certify that the Directors have reviewed the audited financial statements for the year ended 31 December 2024 and to the best of their knowledge:

- (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, in the light of the circumstances under which such statement was made;
- (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 period covered by the audited financial statements;
- (iii) the Directors are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company are disclosed, particularly during the period in which the audited financial statement is being prepared;
- (iv) the Directors have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements, and certify that the Company's internal controls are effective as of that date;
- (v) the Directors have disclosed to the Company's auditors and Board of Directors;
 - there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarize and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and
 - that there is no fraud that involves management or other employees who have a significant role in the Company's internal control; and
- (vi) the Directors have indicated in the report that during the year there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The audited financial statements for the year ended 31 December 2024, were approved and authorised for issue by the Directors on October 2025.

Signed on behalf of the directors by:

Mr. Tajudeen Datti-Ahmed

Director

FRC/2024/PRO/DIR/003/991041

Mr. Olufemi Ayokunle Ogunseinde

Director

FRC/2024/PRO/OTHERS/002/926034

PFI-NPK Limited

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Statement of directors' responsibilities

The Companies and Allied Matters Act 2020, requires the Directors to prepare annual report and 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 the year and its profit or loss. The responsibilities include ensuring that the Company:

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

The Directors accept responsibility for the annual report and financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board as well as the requirements of the Companies and Allied Matters Act 2020 and the Financial Reporting Council of Nigeria (Amendment) Act 2023.

The Directors are of the opinion that the annual report and financial statements give a true and fair view of the state of the financial affairs of the Company and of its profit for the year. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of annual report and 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.

Signed on behalf of the Directors by:

Mr. Tajudeen Datti-Ahmed

Director

FRC/2024/PRO/DIR/003/991041

..... October 2025

Mr. Olufemi Ayokunle Ogunseinde

Director

FRC/2024/PRO/OTHERS/002/926034

..... October 2025

PFI-NPK Limited

Annual report and financial statements For the year ended 31 December 2024

Management's annual assessment of, and report on, internal control over financial reporting

To comply with the assessment requirements of the FRC Guidance on Management Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, we hereby make the following statements regarding the Internal Controls of PFI-NPK Limited for the year ended 31 December 2024:

- i. PFI-NPK Limited management is responsible for establishing and maintaining a system of internal control over financial reporting (“ICFR”) that provides reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards.
- ii. PFI-NPK Limited management used the Committee of Sponsoring Organization of the Treadway Commission (COSO) Internal Control-Integrated Framework to conduct the required evaluation of the effectiveness of the entity's ICFR;
- iii. PFI-NPK Limited management has assessed that the entity's ICFR as of the end of 31 December 2024 is effective.
- iv. PFI-NPK Limited external auditor Messrs PricewaterhouseCoopers that audited the financial statements, included in the annual report, has issued an attestation report on management's assessment of the entity's internal control over financial reporting.

The attestation report of Messrs PricewaterhouseCoopers that audited its financial statements will be filed as part of PFI-NPK Limited annual report.

Mr. Tajudeen Datti-Ahmed

Director

FRC/2024/PRO/DIR/003/991041

..... October 2025

Mr. Olufemi Ayokunle Ogunseinde

Director

FRC/2024/PRO/OTHERS/002/926034

..... October 2025

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Management's certification on internal control over financial reporting

To comply with the assessment requirements of the FRC Guidance on Management Report on Internal Control Over Financial Reporting issued by the Financial Reporting Council of Nigeria, we hereby make the following statements regarding the internal control over financial reporting of PFI-NPK Limited for the year ended 31 December 2024.

We, Tajudeen Datti-Ahmed and Victor Sesere, certify that:

- a. We have reviewed the report of management on the internal control system of PFI-NPK Limited;
- b. Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c. Based on our knowledge, the financial statements, and other financial information, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented;
- d. The Company's other certifying officer(s) and we:
 - i. are responsible for establishing and maintaining internal controls;
 - ii. have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company is made known to us particularly during the period in which this report is being prepared;
 - iii. have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - iv. have evaluated the effectiveness of the Company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e. The Company's other certifying officer(s) and we have disclosed, based on our most recent evaluation of internal control system, to the Company's auditors and the Company's board of directors (or persons performing the equivalent functions):
 - i) All significant deficiencies and material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
 - ii) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system.
- f. The Company's other certifying officer(s) and we have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Mr. Tajudeen Datti-Ahmed

Director

FRC/2024/PRO/DIR/003/991041

..... October 2025

Mr Victor Sesere

Fund Manager Ag. Chief Financial Officer

FRC/2015/PRO/ICAN/001/00000012317

..... October 2025

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Independent practitioner's report

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Statement of comprehensive income

For the year ended 31 December 2024

	Notes	31 December 2024 N'000	31 December 2023 N'000
Revenue	6	389,533,648	182,204,199
Cost of sales	7	(358,243,418)	(156,908,697)
Gross profit		31,290,230	25,295,502
Net foreign exchange loss	8	(6,742,272)	(1,339,024)
Impairment credit/(charge) on financial assets	9	520,453	(3,053,553)
Administrative expenses	10	(9,389,268)	(3,058,468)
Operating expenses		(15,611,087)	(7,451,045)
Operating profit		15,679,143	17,844,457
Investment income	11	678,874	122,009
Other income	12	1,552,955	1,471,227
Interest expense	13	(5,245,619)	(5,719,619)
		(3,013,790)	(4,126,383)
Profit before tax		12,665,353	13,718,074
Income tax expense	14.1	(6,157,936)	(4,295,224)
Profit for the year		6,507,417	9,422,850
Other comprehensive income:			
Net gain/loss on financial asset at fair value through other comprehensive income		-	-
Other comprehensive loss for the year		-	-
Total comprehensive income for the year		6,507,417	9,422,850
Total comprehensive income for the year attributable to equity holders of the company		6,507,417	9,422,850

The accompanying notes on pages 19 to 51 form an integral part of these financial statements.

PFI-NPK Limited

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Statement of financial position

As at 31 December 2024

		31 December 2024 N'000	31 December 2023 N'000
Assets	Notes		
Non-Current Assets			
Property, plant and equipment	19	152,292	-
Total Non-Current Assets		152,292	-
Current assets			
Cash and cash equivalents	15	67,904,561	52,651,265
Trade receivables	16	17,712,270	22,273,996
Other receivables	17	94,738,000	8,657,216
Inventories	18	16,897,738	29,748,459
Deferred tax asset	14.4	-	1,007,807
Total Current Assets		197,252,569	114,338,743
Total Assets		197,404,861	114,338,743
Liabilities			
Current liabilities			
Trade payables	20	309,113	261,085
Other payables	21	141,524,122	45,025,528
Deferred tax liabilities	14.4	936,617	-
Interest bearing borrowings	22	18,444,227	32,997,703
Current tax liabilities	14.2	4,006,001	10,377,063
		165,220,080	88,661,379
Total liabilities		165,220,080	88,661,379
Equity			
Share capital	23	1,000	1,000
Accumulated profit	24	32,183,781	25,676,364
Total equity		32,184,781	25,677,364
Total equity and liabilities		197,404,861	114,338,743

The accompanying notes on pages 19 to 51 form an integral part of these financial statements.

The financial statements and other national disclosures on pages 19 to 54 were approved and authorised for issue by the Board of Directors on 2025 and signed on its behalf by:

Mr. Tajudeen Datti-Ahmed
Director

FRC/2024/PRO/DIR/003/991041

Additionally certified by:

Mr. Olufemi Ogunseinde
Director

FRC/2024/PRO/OTHERS/002/926034

Mr Sesere Victor

Fund Manager Ag. Chief Financial Officer

FRC/2015/PRO/ICAN/001/00000012317

PFI-NPK Limited

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Statement of changes in equity

For the year ended 31 December 2024

	Share capital N'000	Accumulated profit N'000	Fair value reserves N'000	Total equity N'000
	23	24		
Notes				
Balance at 1 January 2024	1,000	25,676,364	-	25,677,364
Profit for the year	-	6,507,417	-	6,507,417
Total comprehensive income for the year	1,000	32,183,781	-	32,184,781
Transactions with equity owners of the Company				
Dividends declared	-	-	-	-
Balance at 31 December 2024	1,000	32,183,781	-	32,184,781
Balance at 1 January 2023	1,000	16,253,514	-	16,254,514
Profit for the year	-	9,422,850	-	9,422,850
Total comprehensive income for the year	1,000	25,676,364	-	25,677,364
Transactions with equity owners of the Company				
Dividends declared	-	-	-	-
Balance at 31 December 2023	1,000	25,676,364	-	25,677,364

The accompanying notes on pages 19 to 51 form an integral part of these financial statements.

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Statement of cash flows
For the year ended 31 December 2024

		31 December 2024 N'000	31 December 2023 N'000
Cash flows from operating activities	Notes		
Profit before tax		12,665,353	13,718,074
Adjustments for:			
Depreciation of property, plant and equipment	19	17,708	-
Impairment (writeback)/charge on trade receivables	9	(566,190)	3,053,553
Net foreign exchange loss	8	6,742,272	1,339,024
Interest expense	13	5,245,619	5,719,619
Operating cash flows before movements in working capital		24,104,762	23,830,270
Movements in operating assets/liabilities			
Decrease in trade receivables		5,127,916	27,414,231
Increase in other receivables		(86,080,784)	(5,911,140)
Decrease in inventories		12,850,722	15,517,946
Increase/(Decrease) in trade payables		48,028	(41,844)
Increase/(Decrease) in other payables		96,498,594	(4,613,037)
Cash generated from operations		52,549,237	56,196,426
Tax paid	14	(10,584,573)	(387,313)
Net cash used in operating activities		41,964,664	55,809,113
Cash flows from investing activities		-	-
Purchase of fixed assets	19	(170,000)	-
Net cash from investing activities		(170,000)	-
Cash flows from financing activities			
Proceeds from short-term borrowings	22.3	-	-
Repayment of long-term borrowings	22.1	(11,938,557)	(27,000,000)
Repayment of short-term borrowings	22.3	(4,565,238)	(3,203,648)
Interest paid	22.1	(3,295,301)	(1,688,917)
Net cash used in financing activities		(19,799,096)	(31,892,565)
Net cash movement for the year		21,995,568	23,916,548
Cash and cash equivalents at the beginning of the year		52,651,265	30,073,741
Effect of exchange rate movement		(6,742,272)	(1,339,024)
Cash and cash equivalents at the end of the year	15	67,904,561	52,651,265
Cash and cash equivalents comprise:			
Cash and cash equivalent		67,904,561	52,651,265
		67,904,561	52,651,265

The accompanying notes on pages 19 to 51 form an integral part of these financial statements.

PFI-NPK Limited
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Notes to the financial statements
For the year ended 31 December 2024

1 General information

PFI-NPK Limited ('the Company') is domiciled in Nigeria. PFI-NPK Limited was incorporated as NAIC-NPK Limited in Nigeria under the Companies and Allied Matters Act (CAMA). The Company's registered address cum business address is the Clan Place, 4th floor, Plot 1386A, Tigris Crescent, Maitama, Abuja.

The Company was established to stimulate local production of NPK fertilisers by reviving the local fertiliser blending industry, so as to make fertilisers available to Nigerian farmers at affordable prices and to ensure NPK fertiliser is available to farmers in time for wet season farming.

The Federal Government of Nigeria through the office of the Chief of Staff subsequently restructured the company's business to include sales of fertilisers and special blends.

Following an approval issued by the Office of the Chief of Staff of the President of the Federal Republic of Nigeria to restructure the Presidential Fertilizer Initiative for which NAIC-NPK was established. The business operations of NAIC-NPK, which is the sale and delivery of fertilizers to agro dealers, has been transferred to the Ministry of Finance Incorporated (MOFI).

Consequently, the name of the entity changed to PFI-NPK Limited and is no longer a subsidiary of NSIA but is now wholly owned by MOFI effective 30th September 2021.

The principal activities of the Company for the year under review include sales of fertilisers, and sales of raw materials i.e., DAP, MOP, GAS, and urea.

1.1 Structure and contents of the financial statements

The financial statements comprise:

- (a) A statement of comprehensive income for the year;
- (b) A statement of financial position at the end of the year;
- (c) A statement of changes in equity for the year;
- (d) A statement of cash flows for the year; and
- (e) Notes, comprising a summary of material accounting policies and other explanatory information.

2 Summary of material accounting policies

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

2.1 Basis of preparation

2.1.1 Statement of compliance

The financial statements of PFI-NPK have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards") as issued by International Accounting Standards Board ("IASB"). The financial statements have also been prepared in compliance with the Companies and Allied Matters Act 2020 (CAMA) and the Financial Reporting Council of Nigeria (Amendment) Act 2023.

The preparation of financial statements in conformity with IFRS Accounting Standards require the use of accounting estimates. It also requires the Company to exercise its judgement in the process of applying the Company's accounting policies and making any estimates. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate and that the Company's financial statements are fairly presented. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2.1.2 Basis of measurement

The financial statements have been prepared on the historical cost basis.

2.1.3 Going concern

The financial statements have been prepared in accordance with the going concern principle and the Directors have no doubt that the Company will remain in existence twelve (12) months after the statement of financial position date. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Naira.

The Company reported a profit after tax of N6.51 billion for the year ended 31 December 2024 (2023: N9.42 billion). At the statement of financial position date, the Company had a net asset of approximately N32.1 billion (2023: N25.68 billion).

The company has been consistently profitable over the years.

2.2 Changes in accounting policies and disclosures

The Company has consistently applied the accounting policies as set out in note 2 to all periods presented in the financial statements.

The Company has adopted the following new standards and amendments including any consequential amendments to other standards.

2.2.1 New Standards, amendments and Interpretations

The Company applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2024 (unless otherwise stated).

i) Standards and interpretations effective and adopted in the current year

In the current year, the Company has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

a) Amendments to IAS 1 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Effective 1 January 2024)

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments have had an impact on the Company's classification of liabilities into current and non-current and has been applied by the Company, but existing loan agreements does not require renegotiation.

b) Amendments to IFRS 16: Lease Liability in a Sale and Leaseback (Effective 1 January 2024)

In September 2022, the IASB issued amendments to IFRS 16 to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Earlier application is permitted and that fact must be disclosed. The amendments had no impact on the Company's financial statements.

c) Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7 (Effective 1 January 2024)

In May 2023, the IASB issued amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures to clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The amendments will be effective for annual reporting periods beginning on or after 1 January 2024. Early adoption is permitted, but will need to be disclosed. The amendments had no impact on the Company's financial statements.

d) IFRS S1, 'General requirements for disclosure of sustainability-related financial information (Effective 1 January 2024)

This standard includes the core framework for the disclosure of material information about sustainability-related risks and opportunities across an entity's value chain. IFRS S1 requires entities to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reporting in making decisions relating to providing resources to the entity.

The new standard had no impact on the Company's financial statements.

Standards and interpretations effective and adopted in the current year (continued)

e) IFRS S2, 'Climate-related disclosures' (Effective 1 January 2024)

This is the first thematic standard issued that sets out requirements for entities to disclose information about climate-related risks and opportunities. IFRS S2 requires an entity to identify and disclose climate-related risks and opportunities that could affect the entity's prospects over the short, medium and long term. To achieve this objective, an entity is required to refer to and consider the applicability of industry-based disclosure topics as defined in the Industry-Based Guidance on Implementing IFRS S2.

The new standard had no impact on the Company's financial statements.

ii) Standards and interpretations not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective.

a) Amendments to IAS 21 - Lack of Exchangeability (Effective from January 1 2025)

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. These amendments will require companies to apply a consistent approach in assessing whether a currency can be exchanged into another currency and, when it cannot, in determining the exchange rate to use and the disclosures to provide.

The amendment is not expected to have a material impact on the financial statements of the Company as the Company has foreign currency transactions in US Dollars that are readily exchangeable.

b) Annual Improvements to IFRS Accounting Standards - Volume 11 (Effective 1 January 2026)

These amendments issued by the IASB in July 2024 include clarifications, simplifications, corrections and changes in the following areas:

- hedge accounting by a first-time adopter (IFRS 1)
- gain or loss on derecognition (IFRS 7)
- disclosure of deferred difference between fair value and transaction price (IFRS 7)
- introduction and credit risk disclosures (IFRS 7)
- lessee derecognition of lease liabilities (IFRS 9)
- transaction price (IFRS 9)
- determination of a 'de facto agent' (IFRS 10)
- cost method (IAS 7).

Amendments to the Classification and Measurement of Financial Instruments – Amendments to

c) IFRS 9 and IFRS 7 (Effective 1 January 2026)

The amendments to IFRS 9 address the following topics:

Derecognition of a financial liability settled through electronic transfer

The application guidance in IFRS 9 has been amended to clarify the date of initial recognition or derecognition of financial assets and financial liabilities. The amendments permit an entity to consider a financial liability (or part of it) that will be settled in cash using an electronic payment system as discharged before the settlement date if specified criteria are met.

Classification of financial assets

Contractual terms that are consistent with a basic lending arrangement.

The amendments to the application guidance of IFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement.

Assets with non-recourse features

The amendments enhance the description of the term 'non-recourse'. Under the amendments, a financial asset is considered to have non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets. In other words, the entity is primarily exposed to the specified assets' performance risk rather than the debtor's credit risk.

Standards and interpretations not yet effective (continued)

Contractually linked instruments

The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions involving multiple contractually linked instruments and provide an example.

The amendments to IFRS 7 address the disclosure of:

- investments in equity instruments designated at FVTOCI
- contractual terms that could change the timing or amount of contractual cash flows.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026. Earlier application of either all the amendments at the same time or only the amendments to the classification of financial assets is permitted. An entity is required to apply the amendments retrospectively.

d) IFRS 18: Presentation and disclosure in financial statements (Effective 1 January 2027)

In April 2024, the IASB issued IFRS 18, 'Presentation and Disclosure in Financial Statements' in response to investors' concerns about comparability and transparency of entities' performance reporting. The new presentation requirements introduced in IFRS 18 will increase comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosure requirements for 'management-defined performance measures' will enhance transparency.

IFRS 18 introduces a defined structure for the statement of profit or loss. The goal is to reduce diversity, so as to help investors understand the information and make better comparisons between entities. The structure is composed of categories and required subtotals. Items in the statement of profit or loss will be classified into one of five categories: operating; investing; financing; income taxes and discontinued operations.

IFRS 18 provides guidance for entities to classify the items among these categories. Operating, investing and financing are the three main categories. IFRS 18 requires entities to assess whether their main business activities include investing in assets and/or providing financing to customers. If so, some specific income and expenses that would otherwise be outside of the operating category are classified in the operating category. The standard replaces IAS 1: presentation of financial statements and apply to reporting periods beginning on or after 1 January 2027 (with a requirement to restate comparative information).

2.3 Foreign currency translation

i) Functional and presentation currency:

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

ii) Transactions and balances:

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

2.4 Revenue Recognition

Revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to the customer. An asset is transferred when (or as) the customer obtains control of that asset. The Company determines whether a performance obligation is satisfied (and revenue is recognised) over time, or whether a performance obligation is satisfied (and revenue is recognised) at a point in time for all contracts. All revenue derived by the Company are recognised at a point in time because it has met all indicators of transfer of control which should be considered.

This includes the following:

- The Company has a present right to payment for the asset
- The legal title of the asset has been transferred to the customer
- The customer has taken physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset and;
- The customer has accepted the asset

In order to meet the core principle of recognising revenue to depict the transfer of promised goods or services to customers in an amount that reflects the amount of consideration to which an entity expects to be entitled in exchange for those goods or services, a five-step model is adopted; this five steps are:

- Identify the contract with the customer;
- Identify the distinct goods or services;
- Determine the transaction price;
- Allocate the transaction price;
- Determine when to recognise revenue;

Sale of raw materials (fertilizer)

Revenue is recognised when control of the goods has transferred, being when the goods are issued to the offtaker at the designated Warehouses and Ports.

There are no provision to deliver the raw materials to the customers. A receivable is recognised by the Company when the goods have been issued out by the Company and lifted by the Offtakers/agro dealers, as this represents the point in time at which the right to consideration becomes unconditional based on the contract of sale the company has with its customers, as only the passage of time is required before payment is due.

No element of financing is deemed present as the sales are made with credit terms of 90-365 days which is consistent with market practice with exception from special approvals for extension of bank guarantees. There are no return policies and warranties granted to customers under the contract. The goods are sold directly to customers, there is no form of intermediary.

The pricing of raw materials for fertilizers is determined through a pricing template that involves calculating the direct costs associated with procuring the raw materials. These direct costs include the cost of raw materials, clearing costs, cost of funds, management fees, demurrage charges, marine insurance, LC charges, storage fees, and any other expenses directly linked to the procurement of the materials.

The pricing template ensures that all relevant costs are considered in establishing the sales price of the raw materials for fertilizers.

Determining the transaction price for sale of raw materials (fertilizer)

The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties (for example, some sales taxes).

In determining the transaction price, the company considers the nature nature, timing and amount of consideration promised by a customer affect the estimate of the transaction price. The Company considers the effects of all of the following, if applicable, when determining its transaction price :

Determining the transaction price for sale of raw materials (fertilizer)

- (a) variable consideration
- (b) constraining estimates of variable consideration
- (c) the existence of a significant financing component in the contract
- (d) non-cash consideration
- (e) consideration payable to a customer

2.5 Revenue from contracts with customers

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

The Company recognises revenue for goods that have been transferred in accordance to agreed upon specifications. Based on experience, control is deemed to be transferred when the goods are transferred in the required specification.

This is supported by its experience in previous sales of goods that were transferred at the agreed upon specifications.

2.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.6.1 Financial assets

A financial asset is initially measured at fair value plus, for an item not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to its acquisition or issue. The Company initially recognises cash and bank balances, money market placements, investment securities, other financial assets, other liabilities and borrowings on the date on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument.

The Company's financial assets includes trade and other receivables and cash and cash equivalents. They are included in current assets, except for those with maturities greater than 12 months after the reporting date. Interest income from these assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

Transaction costs

All financial instruments are measured initially at their fair value plus transaction costs, except in the case of financial assets and financial liabilities recorded at fair value through profit or loss where transaction costs are expensed in the income statement. They include fees and commissions paid to agents, custodians and advisers.

2.6.1 Financial assets (continued)

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. All financial assets currently recognised in the financial statements are classified as measured at amortised cost.

Financial assets held by the Company are classified based on the following:

- **Hold to collect:** Financial assets in this category are held by the Company solely to collect contractual cash flows and these cash flows represent solely payments of principal and interest. Assets held under this business model are measured at amortised cost.
- **Hold to collect and sell:** Financial assets in this category are held to collect contractual cash flows and sell. The cash flows represent solely payment of principal and interest. These financial assets are measured at fair value through other comprehensive income.
- **Hold to sell/residual:** This category is the residual category for financial assets that do not meet the criteria described above. Financial assets in this category are managed in order to realise the asset's fair value.

(i) Business model assessment

The Company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes: the stated policies and objectives for the portfolio and the operation of those policies in practice.

In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities funding those assets or realizing cash flows through the sale of the assets.

- how the performance of the portfolio is evaluated and reported to the Company's management; the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Company's stated objective for managing the financial assets is achieved and how cash flows are realized.

(ii) Assessment whether contractual cash flows are solely payments of principal and interest

In this case, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk, other basic lending risks, and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Company considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse asset arrangements);
- features that modify consideration of the time value of money - e.g. periodical reset of interest rates.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

The financial assets of the Company are held to collect contractual cash flows that are solely payments of principal (for non-interest bearing financial assets) or solely payments of principal and interest (for interest bearing financial assets).

2.6.1 Financial assets (continued)

b) Subsequent measurement

Subsequent measurement of financial instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset.

There are three measurement categories into which the Company classifies its financial instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI.

Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other income. Interest income from these financial assets is included in interest income using the effective interest rate method. Foreign exchange gains and losses are presented in the foreign exchange gains and impairment expenses are presented as separate line item in the statement of profit or loss.

- **Fair value through profit or loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other income in the period in which it arises.

2.6.2 Financial liabilities (borrowings and payables)

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include borrowings, trade payables, and other payables.

Financial liabilities of the Company are subsequently measured at amortised cost.

c) Derecognition

i) Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the company is recognised as a separate asset or liability in the statement of financial position. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

ii) Financial liabilities

The Company derecognises a financial liability when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised immediately in the statement of profit or loss.

If the modification of the existing liability does not meet the requirements for de-recognition of the existing liability, the difference in the carrying amount and the modified liability amount is recognised immediately as a modification gain or loss in profit or loss.

d) Impairment of financial assets

Recognition of impairment provisions under IFRS 9 is based on the Expected Credit Loss (ECL) model. The ECL model is applicable to financial assets measured at amortised cost or at fair value through other comprehensive income (FVOCI). The measurement of ECL reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, time value of money and reasonable and supportable information that is available without undue cost or effort at the reporting date, about past events, current conditions and forecasts of future economic conditions.

The simplified approach is applied to trade receivables while the general approach is applied to cash and cash equivalents.

The simplified approach requires lifetime expected credit losses to be recognised on initial recognition of the receivables. This involves determining the expected loss rates using a provision matrix that is based on the Company's historical default rates observed over the expected life of the receivable and adjusted for forward-looking estimates. This is then applied to the gross carrying amount of the receivable to arrive at the loss allowance for the period.

The three-stage (general) approach assesses impairment based on changes in credit risk since initial recognition using the past due criterion and other qualitative indicators such as increase in political risk concerns or other macroeconomic factors and the risk of legal action, sanction or other regulatory penalties that may impair future financial performance. Financial assets classified as stage 1 have their ECL measured as a proportion of their lifetime ECL that results from possible default events that can occur within one year, while assets in stages 2 or 3 have their ECL measured on a lifetime basis.

Under the three-stage approach, the ECL is determined by projecting the probability of default (PD), loss given default (LGD) and exposure at default (EAD) for each individual exposure. The PD is based on default rates determined by external rating agencies for the counterparties. The LGD is determined based on management's estimate of expected cash recoveries after considering the cash recovery ratio of the counterparties.

The EAD is the total amount outstanding at the reporting period. These three components are multiplied together and adjusted for forward looking information, such as the gross domestic product (GDP) growth rate and Brent oil prices in Nigeria, to arrive at an ECL which is then discounted to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the related financial assets and the amount of the loss is recognised in profit or loss.

2.7 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amounts are presented in the statement of financial position when, and only when, the Company has a legal right to set off the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.8 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Fair value measurement

Fair value is the price that will be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When available, the Company measures the fair value of an instrument using quoted prices in an active market for that instrument. A market is regarded as active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions on an arm's length basis. If a market for a financial instrument is not active, the company establishes fair value using a valuation technique.

Valuation techniques include using recent arm's length transactions between knowledgeable, willing parties (if available), reference to the current fair value of other instruments that are substantially the same, discounted cash flow analyses and option pricing models.

The chosen valuation technique makes maximum use of market inputs, relies as little as possible on estimates specific to the Company, incorporates all factors that market participants would consider in setting a price, and is consistent with accepted economic methodologies for pricing financial instruments. Inputs to valuation techniques reasonably represent market expectations and measures of the risk-return factors inherent in the financial instrument. The Company calibrates valuation techniques and tests them for validity using prices from observable current market transactions in the same instrument or based on other available observable market data.

2.9 Fair value measurement (continued)

The best evidence of the fair value of a financial instrument at initial recognition is the transaction price - i.e. the fair value of the consideration given or received. However, in some cases, the fair value of a financial instrument on initial recognition may be different from its transaction price. If such fair value is evidenced by comparison with other observable current market transactions in the same instrument (without modification or repackaging) or based on a valuation technique whose variables include only data from observable markets, then the difference is recognised in profit or loss on initial recognition of the instrument. In other cases the difference is not recognised in profit or loss immediately but is recognised over the life of the instrument on an appropriate basis or when the instrument is redeemed, transferred or sold, or the fair value becomes observable.

Subsequent to initial recognition, the fair values of financial instruments are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is unlisted, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and valuation techniques commonly used by market participants.

Where discounted cash flow analyses are used, estimated cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date from a financial asset with similar terms and conditions. Where pricing models are used, inputs are based on observable market indicators at the reporting date and profits or losses are only recognised to the extent that they relate to changes in factors that market participants will consider in setting a price.

2.9.1 Determination of fair values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. As at the end of the financial year there were no financial assets or liabilities measured at fair value.

2.10 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories includes expenditures incurred in acquiring the inventories, production or conversion costs.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling.

Impairment loss on inventories are recognised in cost of sales in the year in which they occur while subsequent recoveries on the impairment are recognised in other income in the year in which the recoveries are made.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash, fixed deposits with banks, and highly liquid financial instruments with original maturities of less than three months from the acquisition date, which are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

Cash and cash equivalents are measured at fair value on initial recognition and are subsequently measured at amortised cost.

2.12 Trade receivables

Trade receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are measured at the transaction price.

When the fair value of financial instruments at initial recognition differs from the transaction price, the receivables are recognised at fair value with the Day 1 gain or loss recognised in the income statement. Trade receivables are subsequently measured at amortised cost.

2.13 Other receivables

Other receivables comprise cash advances, prepayments, and amount receivables arising from transactions that are not within the scope of IFRS 15. Other receivables that qualify as financial assets are initially measured at their fair values and are subsequently measured at amortised cost.

2.14 Property, plant and equipment

All property, plant and equipment are initially measured at cost and subsequently recognised at historical cost less depreciation and any accumulated impairment losses, except for land which is carried at historical cost less any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation of assets commences when assets are available for use. Depreciation on other assets is calculated using the straight line method of calculation i.e. the cost of the assets less its residual value, if applicable, over the number of useful lives (in years), as follows:

	Useful life
Motor vehicles	4 years

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date. Property, plant and equipment are reviewed 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the estimated selling price in the ordinary course of business less costs to sell and value in use.

Gains and losses on disposal of property, plant and equipment are determined by reference to their carrying amounts and taken into account in determining operating profit. These gains or losses are recognised within "other income or loss" in profit or loss.

2.15 Current and deferred income tax

The tax for the period comprises current, education and deferred taxes. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is recognised in other comprehensive income or directly in equity respectively.

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

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 profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited to other comprehensive income or equity, in which case the deferred tax is also dealt with in other comprehensive income or equity.

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

2.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is within one year or less. Otherwise, they are classified as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Bank Borrowings

Bank borrowings are recognised initially at fair value, net of transaction costs incurred. Bank borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Amortised cost is calculated by taking into account any fees or costs that are integral part of the effective interest rate (EIR). EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial instrument. The calculation takes into account all contractual terms of the financial instrument and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the Effective Interest Rate (EIR), but not future credit losses.

The EIR amortisation is included in interest expense in the statement of profit or loss.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Bank borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

2.18 Below market borrowings (Government grants)

The Company benefits from the Central Bank of Nigeria's Real Sector Support Facility (RSSF) Scheme where the government/Central Bank of Nigeria, through some commercial banks, provide finance to companies in certain industries at subsidised interest rates.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

2.19 Finance income

Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.20 Finance cost

Finance cost comprises interest expenses on borrowings, interest on tax payable where the interest element can be identified separately, interest expense calculated using the EIR method, and the increase in the present value of the costs to sell in relation to assets that are held for sale, where the sale is expected to occur beyond one year. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

2.21 Expenses

Expenses are recognised as they accrue during the course of the year. Analysis of expenses recognised in the statement of profit or loss is presented in classification based on the function of the expenses.

The Company classifies its expenses as follows:

- Cost of sales;
- Administrative expenses;

a) Cost of sales

Cost of sales is primarily comprised of direct materials consumed in the manufacture of product, as well as blending fees and direct overhead expense necessary to acquire and convert the purchased materials into finished product. Cost of sales also includes the cost of haulage.

b) Administrative expenses

These comprise of the cost of running the administrative function of the Company.

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2.22 Other income

This comprises recovery from inventory loss, benefit from below market rate loan, bank interest received, income from excess delivery of inventory, foreign exchange gain or loss, etc.

2.23 Investment Income

This comprises income from dividends, interest, rents, royalties, and similar payments on assets held as investments, e.g. treasury bills, bonds e.t.c.

2.24 Statement of cash flows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating activities, investing activities and financing activities.

The cash flows from operating activities are determined by using the indirect method. Profit before tax is therefore adjusted by non-cash items. All income and expenses from non-cash transactions that are attributable to investing or financing activities are eliminated. Interest repayments on external borrowings are presented in financing activities.

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposit held at call with banks, other short term highly liquid investments with original maturities of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts, if any, are shown within borrowings in current liabilities.

The Company has chosen to present interest paid on borrowings as financing cash flows. Interest received on financial assets held for cash management purposes has been presented as investing cash flows.

The Company has presented cash flow from the purchase of property, plant and equipment as cash flow from investing activities.

The cash flows from investing and financing activities are determined by using the direct method.

2.25 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2.26 Provisions

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

2.27 Share Capital

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded as share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

3 Critical accounting estimates, judgements and errors

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong.

Detailed information about each of these estimates and judgements is included in notes 14 to 20 together with information about the basis of calculation for each affected line item in the financial statements. In addition, this note also explains where there have been actual adjustments this year as a result of an error and of changes to previous estimates.

The areas where estimates and judgements have been applied in the preparation of the financial statements are:

3 Critical accounting estimates, judgements and errors (continued)

a) Expected credit loss on account receivable

The loss allowances for financial assets are based on assumptions about risk of default, expected loss rates and maximum contractual period. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

In establishing sensitivity to ECL estimates for trade receivables, two variables (GDP growth rate and Brent oil prices) were considered. The Company's trade receivables reflects a great responsiveness to the variables considered.

These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Company's trade receivables.

b) Expected credit loss on cash and cash equivalent

The Company assesses expected credit losses (ECL) on cash and cash equivalents in accordance with IFRS 9, using the general model. Given the typically low credit risk associated with cash and cash equivalent, especially when held with reputable financial institutions, 12-month ECL is generally applied unless there is a significant increase in credit risk.

The ECL assessment incorporates forward-looking information, including macroeconomic variables such as GDP, interest rates, and sovereign risk. While no complex modelling is typically required for cash and cash equivalent, management evaluates the creditworthiness of counterparties using external credit ratings and internal risk assessments.

Loss allowances are recognized only where the credit risk is not considered low. In most cases, the resulting ECL is immaterial, but the assessment is documented and disclosed in line with IFRS 7 and IFRS 9 requirements. However, the loss allowance has been recognised for cash and cash equivalent as at 31 December 2024.

c) Inventory net realizable value

Inventory is to be measured at the lower of cost and net realizable value.

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

d) Deferred tax

The Company is subject to income taxes within Nigeria, which does not require much judgement in terms of provision for income taxes but a certain level of judgement is required for recognition of the deferred tax assets. Management is required to assess the ability of the company to generate future taxable economic earnings that will utilise the deferred tax assets.

Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income are based on forecast cash flows from operations.

e) Other provisions

The amounts recognized as provisions are the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

The Company typically measures accrual provisions using one of two approaches:

The single most likely outcome, or

Weighted average of all possible outcomes (the 'expected value' method), which is particularly suitable for a large population of similar obligations but may also be applied to individual items with multiple potential outcomes.

For the current reporting period, management has applied the single most likely outcome method to estimate the accrual provision. This approach has been used to determine the expected costs associated with loan repayments and other direct expenses, which form the bulk of the company's accruals.

The estimated accruals are categorized into the following components:

Loan repayment obligations
Outstanding expenses (e.g., vendor charges, service fees, management fees)
Other committed but unpaid expenditures

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4 Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including currency risk, interest risk and price risk). The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

4.1 Approach to risk management

With a global outlook, the Company's strategy for managing risks is to understand risk within the invested universe and the externalities that can affect this, with the aim of monitoring, controlling and mitigating against undesired events.

The Company has adopted, wherever possible, recommended best practice in the identification, evaluation and cost effective control of risks to ensure, as far as possible, that they are eliminated or reduced to a level that is acceptable to the Company.

The Company's Risk Framework seeks to explain the Company's underlying approach to risk management, documents the roles and responsibilities of the Directors, risk management department and other key parties. It also outlines key aspects of the risk management process, and identifies the main reporting procedures.

4.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. It arises principally from trade and other receivables and cash and cash equivalents.

The credit quality of trade receivables which are neither past due nor impaired is assessed by reference to historical information about counterparty default rates. The counterparties have historically not defaulted on past obligations and there is no expectation of default as at the end of the reporting period.

4.2.1 Management of credit risk

The Company's policy over credit risk is to minimise its exposure to counterparties with perceived higher risk of default by dealing only with counterparties meeting credit standards. Hence the Company only deals with counterparties that meet set credit ratings.

4.2.2 Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure per credit rating.

As at 31 December 2024 and 31 December 2023, all financial assets are neither past due nor impaired. The credit quality of these financial assets are disclosed in the table below:

	31 December 2024 N'000	31 December 2023 N'000
(i) Cash and Cash equivalent		
Counter parties with external credit ratings		
AA- (S&P)	1,507,853	44,568
B- (S&P)	-	17,865,617
B (Fitch)	57,720,779	30,243,789
Bb- (Agusto)	1,064	326
B- (S&P)	-	4,496,965
CCC (Fitch)	8,674,865	-
Total bank balance (Note 15)	67,904,561	52,651,265

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4.2.2 Exposure to credit risk (continued)

(ii) Trade receivables	31 December 2024 N'000	31 December 2023 N'000
Counter parties without external credit ratings		
Trade receivables (gross)	20,495,735	25,623,651
Total trade receivables (Financial assets) (Note 16)	20,495,735	25,623,651
	31 December 2024 N'000	31 December 2023 N'000
(iii) Other assets		
Counter parties without external credit ratings		
Receivables from NSIA	1,000	1,000
Other receivables	93,564,479	-
Total other assets (financial assets) (Note 17)	93,565,479	1,000

4.2.3 Concentration of risk of financial assets

Geographical sectors

The following table breaks down the Company's risk exposure at their carrying amounts, as categorised by geographical region as at 31 December 2024 and 31 December 2023. For this table, the Company has allocated exposures to regions based on the country of domicile of its counterparties.

	Nigeria N'000	Foreign N'000	Total N'000
31 December 2024			
Cash and cash equivalents	66,396,702	1,507,859	67,904,561
Trade receivables (gross)	20,495,735	-	20,495,735
Other receivables (excluding advances to suppliers and staff)	93,565,479	-	93,565,479
	180,457,916	1,507,859	181,965,775
31 December 2023			
Cash and cash equivalents	52,606,697	44,568	52,651,265
Trade receivables (gross)	25,623,651	-	25,623,651
Other receivables (excluding advances to suppliers and staff)	1,000	-	1,000
	78,231,348	44,568	78,275,916

4.2.4 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its financial instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The financial assets of the Company that are subject to the expected credit loss model under IFRS 9 are: trade and other receivables and cash and cash equivalents.

For trade receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables and cash and cash equivalent, the Company applies the general model, which calculates the lifetime expected credit losses of the receivables using a 3-stage approach for measuring expected loss allowance for all financial assets. As at the reporting date, other receivables were not assessed for impairment under IFRS 9 because it arises from a pass through arrangement and the Company is not exposed to credit risk. A corresponding payable is recognized in the financial statements.

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4.2.4 Impairment of financial assets (continued)

No impairment loss is recognised on equity investments.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- debt investment securities that are determined to have low credit risk at the reporting date; and
- other financial instruments (other than other receivables) on which credit risk has not increased significantly since their initial recognition.

The Company considers a debt security to have low credit risk when their credit risk rating is equivalent to the globally understood definition of 'investment grade' or it is a sovereign debt issued in the local currency e.g. Treasury bills and Bonds issued by the Nigerian Government.

12-month ECL are the portion of ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Life time ECL are credit losses that result from all possible default events over the expected life of a financial instrument.

4.2.5 Measurement of ECL

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Default definition

Under IFRS 9, the Company will consider a financial asset to be in default when contractual payments are 90 days past due.

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

4.2.6 Significant increase in credit risk

The Company has established a framework that considers qualitative, quantitative, and 'backstop' (90 days past due presumption) indicators to determine whether the credit risk on a particular financial instrument has increased significantly since initial recognition. The framework aligns with the Company's internal credit risk management process.

The criteria for determining whether credit risk has increased significantly will vary by portfolio and will include backstop based on delinquency.

In determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Company will consider reasonable and supportable information that is relevant and available without undue cost or effort, including both quantitative and qualitative information and analysis based on the Company's historical experience, expert credit assessment and forward-looking information.

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4.2.6 Significant increase in credit risk (continued)

The Company will primarily assess whether a significant increase in credit risk has occurred for an exposure in line with its staging criteria by comparing:

- the risk of default on the exposure as at the reporting date; with
- the risk of default on the exposure as at the date of initial recognition

Assessing whether credit risk has increased significantly since initial recognition of a financial instrument requires identifying the date of initial recognition of the instrument. Modifying the contractual terms of a financial instrument may also affect this assessment.

Details of the qualitative and quantitative factors used to determine the significant increase in credit risk are highlighted in the next sub-head.

4.2.7 Quantitative Criteria

The use of quantitative criteria requires the Company to refresh its quantitative metrics at least annually. The Company adopted the following quantitative criteria for the purpose of assessing Significant Increase in Credit Risk (SICR), vis-à-vis stage allocation:

i. External Rating Parameter:

The Company monitors changes in external ratings of obligors to assess significant increase/decrease in credit risk. Evidence of Significant Increase in Credit Risk (SICR) depends on rating at initial recognition and the extent of movement (number of notches downgrade/upgrade) as at reporting date.

The Company applies different notches movement across each rating grade as evidence of SICR. Generally, obligors with higher credit rating would require more notches downgrade to evidence SICR, when compared with obligors with lower credit rating.

The logic is that PD exponentially increases with movement down the rating grades. For instance, while a one-notch movement is deemed significant for a financial instrument rated CCC at origination, a three-notch movement is deemed significant for an AAA rated financial instrument.

4.2.8 Qualitative Criteria

The Company uses a wide range of qualitative criteria for staging purposes, leveraging on IFRS 9 recommendations and a range of other factors.

The Company shall override the stage allocation using quantitative assessment if the financial instrument meets the qualitative criteria for a different impairment stage.

Expected credit loss for trade receivables

IFRS 9 states that an entity shall always measure the loss allowance at an amount equal to the lifetime expected credit losses for trade receivables or contract assets that result from transactions that are within the scope of IFRS 15 and lease receivables that result from transactions in the scope of IFRS 16.

In line with this, PFI-NPK Limited shall use a loss default definition of 360 days and estimate the ECL for its trade receivables using the historical loss rate approach.

PFI-NPK Limited has segmented its trade receivables into delinquency buckets based on the days past due information as illustrated below:

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4.2.8 Qualitative Criteria (continued)

Expected credit loss for trade receivables

S/N	Delinquency Buckets
1	Current - 29 days past due
2	30 - 59 days past due
3	60 - 89 days past due
4	90 - 119 days past due
5	120 - 149 days past due
6	150 - 179 days past due
7	180 - 209 days past due
8	210 - 239 days past due
9	240 - 269 days past due
10	270 - 299 days past due
11	300 - 329 days past due
12	330 - 359 days past due
13	360 days and above

For each bucket list, PFI-NPK Limited shall estimate loss rates using its historical loss experience on facilities which have been booked at least 360 days prior to the reporting date.

In estimating the loss rates, PFI-NPK Limited shall make adjustments to reflect information about current conditions, and reasonable and supportable forecasts of future economic conditions.

In the event that there is no sufficient historical data to estimate historical loss rate, PFI-NPK Limited shall apply assumed loss rates for the different past due buckets as illustrated below:

Period	Rate
<30Days	1%
>30Days <90 Days	2%
>90Days <180 Days	2%
>180Days <270Days	7%
>270Days <365Days	17%
>365Days	100%

4.2.9 Credit-impaired financial asset

The Company considers a financial asset to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- a) significant financial difficulty of the issuer or the borrower;
- b) a breach of contract, such as a default or past due event;
- c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- e) the disappearance of an active market for that financial asset because of financial difficulties; or
- f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired.

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4.2.10 Measuring ECL – Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired.

Expected credit losses are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation (as per “Definition of default and credit-impaired” above), either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation.
- EAD is based on the amounts the Company expects to be owed at the time of default, over the next 12 months (12M EAD) or over the remaining lifetime (Lifetime EAD).
- Loss Given Default (LGD) represents the Company’s expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support.
- LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis, where 12-month LGD is the percentage of loss expected to be made if the default occurs in the next 12 months and Lifetime LGD is the percentage of loss expected to be made if the default occurs over the remaining expected lifetime of the financial asset.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival (i.e. the exposure has not prepaid or defaulted in an earlier month). This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed.

The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12M PD. The maturity profile looks at how defaults develop on a portfolio from the point of initial recognition throughout the lifetime of the financial asset amortised cost. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio and credit grade band. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which depends on the contractual terms of the instrument.

Forward-looking economic information is also included in determining the 12-month and lifetime PD, EAD and LGD. These assumptions vary by instrument type. Refer to the Forward-looking information incorporated in the ECL models’ subhead for an explanation of forward- looking information and its inclusion in ECL calculations.

There have been no significant changes in estimation techniques or significant assumptions between when the company first implemented IFRS 9 and the reporting period.

4.2.11 Forward-looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Company has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio.

IFRS 9 [B5.5.51] states that an entity need not undertake an exhaustive search for information but shall consider all reasonable and supportable information that is available without undue cost or effort and that is relevant to the estimate of expected credit losses. In addition, an entity is not required to incorporate forecasts of future economic conditions over the entire life of a financial instrument. Rather, it suffices for an entity to extrapolate projections for periods that are far in the future from available information.

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4.2.12 Incorporating Forward-looking information into Multi-year PD Estimation

The Company has financial instruments originating from different regions of the world, and as such, it may be impracticable to obtain information on future economic conditions for all the relevant regions. The Company has therefore incorporated FLI into multi-year PD estimation using a two-step approach:

Step 1:

Convert Through-the-Cycles (TTC) PDs to Point-in-Time (PIT) PDs using logistic regression with global historical default rates and global macroeconomic variables (i.e. global GDP growth rate, global inflation rate and oil price). This is based on the fact that external rating grades are comparable across industries and jurisdictions.

Step 2:

Incorporate the impact of local economic conditions by analysing the likelihood of change in the rating of each financial instrument based on obligor specific information. This analysis will be conducted at every reporting date by considering the following information:

- i. Rating outlook from external rating agencies for the obligor or the related sovereign
- ii. The expected impact of local macroeconomic forecasts (e.g. local GDP growth rate, exchange rate, inflation rate, unemployment rate etc.) on the obligor
- iii. Other obligor specific qualitative information that may provide an indication of future change in ratings.

4.2.13 Incorporating FLI into Multi-year EAD and LGD Estimation

Due to data constraints, the Company will manually adjust the base case EAD and LGD estimates for periods where these parameters are expected to be significantly different from their historical averages based on forward-looking macroeconomic information. The rationale for arriving at the decision whether the forecast EADs and LGDs are expected to be significantly different from the base case or not, as well as the process for arriving at the adjustment factor must also be documented.

4.2.14 Macro economic variable affecting the ECL allowance

The real historical gross domestic product (GDP) growth rate in Nigeria, inflation and crude oil price were identified as the key economic variables impacting the credit risk of the Company. Historical data on these variables for the last ten years were used to determine the three economic scenarios (base, optimistic and downturn) and their scenario weightings.

5.2.15 Economic variable assumptions

One of the most significant period-end assumptions used for the ECL estimate as at 31 December 2024 are set out below. The scenarios “best”, “optimistic” and “downturn” were used for all portfolios.

		2025	2026	2027	2028	2029
a) GDP growth rate(%)	Base	4.2%	3.4%	3.4%	3.4%	3.4%
	Optimistic	4.8%	4.0%	4.0%	4.0%	4.0%
	Downturn	3.8%	3.0%	3.0%	3.0%	3.0%
b) Oil price (USD)	Base	69.9	66.5	60.5	60.5	60.5
	Optimistic	82.1	78.8	72.8	72.8	72.8
	Downturn	54.9	51.5	45.6	45.6	45.6

Sensitivity analysis on ECL Model

The most significant forward looking information with impact on the ECL allowance of the Company include:

- Growth rate
- Inflation rate
- Oil prices

The table below demonstrates the sensitivity of the ECL allowance to movements in the significant forward looking indicators for financial assets, with all other variables held constant:

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Sensitivity analysis on ECL Model (continued)

	2024		2023	
	ECL allowance	Net effect	ECL allowance	Net effect
	N'000	N'000	N'000	N'000
Growth rate				
10% increase	2,505,119	(278,347)	3,014,690	(334,966)
No change	2,783,465	-	3,349,655	-
10% decrease	3,061,812	278,347	3,684,621	334,966
Oil prices				
5% increase	2,644,292	(139,173)	3,182,172	(167,483)
No change	2,783,465	-	3,349,655	-
5% decrease	2,922,638	139,173	3,517,138	167,483

4.2.16 Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent “step up” (or “step down”) between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions;
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Foreign exchange retranslations for assets denominated in foreign currencies and other movements; and

There were no assets written off during the period.

Set out below is the information about the credit risk exposure on the Company’s trade receivables using a provision matrix.

4.2.16 Loss allowance - continued
31 December 2024

Days past due	Loss rate	Total gross	Expected credit
		carrying amount	loss
	%	N '000	N '000
0 - 29 days	3.62%	5,053,005	182,882
30 - 59 days	7.31%	6,723,663	491,291
60 - 89 days	10.44%	453,918	47,409
90 - 119 days	14.18%	792,194	112,369
120 - 149 days	18.63%	2,009,500	374,303
150 - 179 days	22.21%	1,088,593	241,824
180 - 209 days	29.32%	4,192,212	1,229,362
210 - 239 days	33.99%	119,096	40,475
240 - 299 days	0.00%	-	-
300 - 359 days	60.70%	10	6
Above 360 days	100.00%	63,544	63,544
Total		20,495,735	2,783,465

Note 16.1

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31 December 2023	Loss rate	Total gross carrying amount	Expected credit loss
Days past due	%	N '000	N '000
0 - 29 days	5.38%	14,131,445	759,881
30 - 59 days	11.43%	305,856	34,947
60 - 89 days	14.93%	311,311	46,487
90 - 119 days	20.62%	3,435,081	708,256
120 - 149 days	22.23%	1,137,920	253,009
150 - 179 days	27.59%	859,253	237,074
180 - 209 days	0.00%	-	-
210 - 239 days	34.27%	308,987	105,895
240 - 299 days	40.78%	62,307	25,409
300 - 359 days	42.22%	51,789	21,864
Above 360 days	100.00%	1,156,833	1,156,833
Total		25,623,651	3,349,655

Note 16.1

b) Expected credit loss for cash and cash equivalents

The Company applied the IFRS 9 general model for measuring expected credit losses (ECL) to cash and bank balances measured at Amortised cost. This requires a three-stage approach in recognising the expected loss allowance. The calculated ECL for cash and cash equivalents as at 31 December 2024 is N45.7 million (31 December 2023: nil).

The three stage model will require monitoring of credit risk to determine when there has been a significant increase. The ECL has been calculated using the Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The three (3) stage model also incorporates forward looking estimates.

The ECL recognised for the period is a probability-weighted estimate of credit losses discounted at the effective interest rate of the financial asset. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). The Company considers the model and the assumptions used in calculating these ECLs as key sources of estimation uncertainty.

Cash and cash equivalents of the Company relates to cash in hand and cash held with banks. The expected credit losses for such deposits with banks were assessed at the reporting date using the general (3-stage) approach. The Company's cash held with commercial banks are assessed to be in stage 1.

4.2.17 Write-off policy

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include:

- (i) ceasing enforcement activity and
- (ii) where the Company's recovery method is foreclosing on collateral and the value of the collateral is such that there is no reasonable expectation of recovering in full.

The Company may write-off financial assets that are still subject to enforcement activity. Currently, there were no outstanding contractual amounts on such financial assets during the year ended 31 December 2024 (2023: nil).

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4.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity categories based on the remaining period at the balance sheet date to the contractual maturity date.

The amounts disclosed in the table are the contractual undiscounted cash flows.

31 December 2024	Up to 6 Months N'000	Between 6 months and 1 year N'000	Between 1 and 2 years N'000	Greater than 2 years N'000	Total N'000
Trade payables	309,113	-	-	-	309,113
Other payables	107,948,319	-	-	-	107,948,319
Borrowings	18,444,227	-	-	-	18,444,227
Total liabilities	126,701,659	-	-	-	126,701,659

31 December 2023	Up to 6 Months N'000	Between 6 months and 1 year N'000	Between 1 and 2 years N'000	Greater than 2 years N'000	Total N'000
Trade payables	261,085	-	-	-	261,085
Payables to NSIA	3,639,186	-	-	-	3,639,186
Other payables	3,664,514	-	-	-	3,664,514
Borrowings	3,524,204	21,381,299	-	-	24,905,503
Total liabilities	11,088,989	21,381,299	-	-	32,470,288

4.4 Market risk

Market risk is the risk of loss from unfavorable changes in the fair values of financial instruments caused by adverse moves in market variables, such as foreign exchange rates, interest rates, equity prices, commodity prices, credit spreads and implied volatilities of the market rates. Market risk losses could result in a loss of earning and/or capital to the Company.

The Company is exposed to market risk through its proprietary investments and can experience capital erosion from its own direct investments in the market.

Market risk - comprising equity, currency and interest rate risk.

4.4.1 Equities securities price risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in the levels of equity indices and the value of individual stocks. The Company is not exposed to equity price risk.

4.4.2 Currency exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency. The tables below shows the sensitivity of the Company's total comprehensive income to appreciation or depreciation of the naira in relation to other currencies.

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Concentration of foreign currency exposure

31 December 2024	Naira N '000	USD N '000	Total N '000
Cash and cash equivalents	66,396,702	1,507,859	67,904,561
Total monetary financial assets	66,396,702	1,507,859	67,904,561
Trade payables	309,113	-	309,113
Other payables	107,948,319	-	107,948,319
Borrowings	18,444,227	-	18,444,227
Total monetary financial liabilities	126,701,659	-	126,701,659
Net financial asset FCY exposure	(60,304,957)	1,507,859	(58,797,098)
Sensitivity at 5% appreciation	3,015,248	(75,393)	2,939,855
Sensitivity at 5% depreciation	(3,015,248)	75,393	(2,939,855)

Concentration of foreign currency exposure

31 December 2023	Naira N '000	USD N '000	Total N '000
Cash and cash equivalents	52,606,697	44,568	52,651,265
Total monetary financial assets	52,606,697	44,568	52,651,265
Trade payables	261,085	-	261,085
Other payables	3,664,514	-	3,664,514
Borrowings	28,432,466	-	28,432,466
Total monetary financial liabilities	32,358,065	-	32,358,065
Net financial asset FCY exposure	20,248,632	44,568	20,293,200
Sensitivity at 5% appreciation	(1,012,432)	(2,228)	(1,014,660)
Sensitivity at 5% depreciation	1,012,432	2,228	1,014,660

4.4.3 Interest rate risk

Interest rate risk is the risk of loss to net interest income (Nil) arising from changes in market interest rates on rate sensitive assets and liabilities.

Net interest income sensitivity

There are two types of scenarios that give rise to interest rate risk. These are where the Company holds variable rate instruments susceptible to cash flow interest rate risk due to a change in market interest rates or the Company holds debts instruments measured at fair value which will be exposed to fair value interest rate risk. The Company does not hold debts instruments measured at fair value which are exposed to fair value interest rate risk.

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4.4.4 Management of market risk

The Company manages market risk by actively controlling positions taken by investment managers in accordance with the investment strategy for each fund. The investment strategy outlines permissible asset classes, asset allocation limits and other position limits according to the portfolio risk appetite and risk profile. Exceptions are escalated and investment managers are expected to provide a plan of action that would bring portfolios within limits. There were no investments as at the end of the financial year.

4.4.5 Non-trading assets Non-financial assets

Key performance measures are set and a robust monitoring and reporting framework is put in place to monitor performance of the Company's investment in alternative and unlisted securities. There were none of this type of investments as at the end of the financial year.

5 Fair value hierarchy

The Company classifies financial instruments measured at fair value in the investment portfolio according to the following hierarchy:

Level	Fair value input description	Financial instrument
Level 1	Quoted prices (unadjusted) from active markets	Quoted instruments
Level 2	Inputs other than quoted prices included in Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).	Equity instruments quoted in over-the-counter (OTC) markets.
Level 3	Inputs that are not based on observable market data(that is, unobservable inputs).	Unquoted equity instruments and debt instruments.

a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices as at 31 December 2023. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Company, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

b) Financial instruments in level 2

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. They include investments in equity securities that are not traded in an active market but for which a trading platform exists on which a price can be determined for which market participants would pay in order to purchase the asset as at the reporting date i.e. at the Over-the-Counter alternative markets.

c) Financial instruments in level 3

Level 3 inputs are unobservable inputs that have been applied in valuing the respective asset or liability. The determination of what constitutes 'observable' requires significant judgment by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary and provided by independent sources that are actively involved in the relevant market. There were no transfers between levels during the year.

5.1 Fair value hierarchy of financial assets and financial liabilities not measured at fair value

The following tables analyse within the fair value hierarchy the Company's financial assets (by class) measured at fair value at 31 December 2024. All fair value measurements disclosed are recurring fair value measurements.

31 December 2024 <i>In thousands of Naira</i>	Carrying value	level 1	level 2	level 3	Fair value
Financial assets					
Intercompany receivable	1,000	-	-	1,000	1,000
Trade receivables	20,495,735	-	-	20,495,735	20,495,735
Cash and cash equivalent	67,904,561	-	-	67,904,561	67,904,561
Other receivables	93,564,479	-	-	93,564,479	93,564,479
	181,965,775	-	-	181,965,775	181,965,775

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31 December 2024 <i>In thousands of Naira</i>	Carrying value	level 1	level 2	level 3	Fair value
Financial liabilities					
Other payables	107,948,319	-	-	107,948,319	107,948,319
Borrowings	18,444,227	-	-	18,444,227	18,444,227
Trade payables	309,113	-	-	309,113	309,113
	126,701,659	-	-	126,701,659	126,701,659

31 December 2023 <i>In thousands of Naira</i>	Carrying value	level 1	level 2	level 3	Fair value
Financial assets					
Intercompany receivable	1,000	-	-	1,000	1,000
Cash and cash equivalent	52,651,265	-	-	52,651,265	52,651,265
Trade receivables	25,623,651	-	-	25,623,651	25,623,651
	78,275,916	-	-	78,275,916	78,275,916

Financial liabilities					
Other payables	3,664,514	-	-	3,664,514	3,664,514
Borrowings	28,432,466	-	-	28,432,466	28,432,466
Trade payables	261,085	-	-	261,085	261,085
	32,358,065	-	-	32,358,065	32,358,065

6 Revenue	31 December 2024 N'000	31 December 2023 N'000
Sale of fertilizer	-	-
Sale of special blends	389,533,648	182,204,199
	389,533,648	182,204,199

Revenue from sale of fertilizer represents proceeds from sale of finished and packaged fertilizer to Agro-dealers and State Governments while revenue from sale of special blends represents proceeds from sale of raw materials (DAP, MOP & GAS) to fertilizer blending plants.

7 Cost of sales	31 December 2024 N'000	31 December 2023 N'000
Fertilizers		
Raw materials consumed	329,349,074	136,035,630
Insurance	190,707	175,046
Restacking and rebagging	-	713
Inventory management services	-	41,675
LC charge and clearing cost	25,986,534	20,167,896
Demurrage	1,656,291	-
Raw materials storage	1,060,812	487,737
	358,243,418	156,908,697

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	31 December 2024 N'000	31 December 2023 N'000
8 Net foreign exchange loss		
Net foreign exchange loss	(6,742,272)	(1,339,024)
	(6,742,272)	(1,339,024)
9 Impairment credit/ (charge) on financial assets		
Impairment credit/ (charge) on cash and cash equivalents	(45,737)	-
Impairment credit/ (charge) on trade receivables	566,190	(3,053,553)
	520,453	(3,053,553)

The following tables explain the changes in the loss allowance of financial assets between the beginning and the end of the annual period:

	2024 Stage 1		2023 Stage 1	
	12-month ECL N '000	Total N '000	12-month ECL N '000	Total N '000
Trade receivables (Note 16.1)	566,190	566,190	(3,053,553)	(3,053,553)
Cash and cash equivalents (Note 15)	(45,737)	(45,737)	-	-
Total impairment loss	520,453	520,453	(3,053,553)	(3,053,553)

10 Administrative expenses	31 December 2024 N'000	31 December 2023 N'000
Audit fees	72,500	45,000
Licensing and fees	3,165	19,354
General administrative expenses	722,644	152,389
Advertisement and publicity	344,626	-
Bank charges	2,027	11,171
Consulting and professional fees	166,794	31,410
Travel expenses	424,160	41,259
Operations management expense*	6,759,846	2,173,125
Depreciation	17,708	-
Monitoring expense	875,798	584,760
	9,389,268	3,058,468

*This expense relates to payment made to NSIA and MOFI during the period for managing the operations of the Company.

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11	Investment income	31 December 2024 N'000	31 December 2023 N'000
	Interest income from treasury bill investments	678,874	122,009
		678,874	122,009
	Investment income relates to income earned on treasury bill.		
12	Other income	31 December 2024 N'000	31 December 2023 N'000
	Benefit from below market rate loan (Note 12.1)	2,941,043	431,898
	Others	(1,388,088)	1,039,329
		1,552,955	1,471,227
12.1	Benefit from below market rate loan arose from the unwinding effect in relation to straight line amortisation of the fair value of the benefit over the tenor of the borrowing. See Note 22 for additional information.		
13	Interest expense	31 December 2024 N'000	31 December 2023 N'000
	Interest expense on borrowings	5,245,619	5,719,619
		5,245,619	5,719,619
14	Income tax		
	The major components of income tax expense for the years ended 31 December 2024 and 2023 are:		
14.1	Statement of profit or loss	31 December 2024 N'000	31 December 2023 N'000
	Current income tax:		
	Company income tax	3,638,684	4,995,009
	Education tax	366,684	499,501
	Police trust fund levy	633	686
		4,006,001	5,495,196
	Under-provisioning of prior period tax (2021-2022)	207,510	-
	Deferred tax:		
	Relating to origination of temporary differences	1,944,425	(1,199,972)
	Income tax expense reported in the statement of profit or loss	6,157,936	4,295,224
	As disclosed in the director's report, the Company is now fully (100% equity) owned by the Ministry of Finance Incorporated (MOFI), following the transfer of ownership to the Ministry of Finance Incorporated which became effective on 30 September 2021. Consequently, section 57 of the Act establishing the Nigeria Sovereign Investment Authority of Nigeria (NSIA) which exempts the NSIA and its subsidiaries from taxes ceased to apply.		
14	Current tax liabilities	4,006,001	10,377,063
	Total Current tax liabilities	4,006,001	10,377,063
14.2	Statement of financial position	31 December 2024 N'000	31 December 2023 N'000
	Income tax payable		
	At the beginning of the year:	10,377,063	5,269,180
	Current income tax for the year	4,006,001	5,495,196
	Under-provisioning of prior period tax (2021-2022)	207,510	-
	Tax paid	(10,584,573)	(387,313)
	At the end of the year:	4,006,001	10,377,063

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14.3 Reconciliation of income tax expenses with accounting profit

Reconciliation of tax expense and the accounting profit multiplied by PFI-NPK Limited's tax rate for 2024 and 2023 is presented below

	31 December 2024 N'000	31 December 2023 N'000
Accounting profit before tax	12,665,353	13,718,074
Non-(taxable)/deductible expenses in determining taxable profit	(160,922)	879,586
Tax at Nigeria's statutory income tax rate of 30% (2023:30%)	3,799,606	4,115,423
Police trust fund levy at 0.005% of profit before tax (2023: 0.005%)	633	686
Education tax at 3% of assessable profit (2023: 3%)	366,684	499,501
Tax under-provisioning	207,510	-
Changes in deferred taxes	1,944,425	(1,199,972)
	6,157,936	4,295,224
Total tax expense reconciled in statement of comprehensive income		

14.4

Deferred tax balances

Deferred tax attributable to the following recognised in statement of profit or loss:

	31 December 2024 N'000	31 December 2023 N'000
Deferred tax assets	-	1,007,807
Deferred tax liabilities	(936,617)	-
	(936,617)	1,007,807

15 Cash and cash equivalents

	31 December 2024 N'000	31 December 2023 N'000
Bank balances	61,270,397	48,154,300
Short term deposit investments	6,679,901	4,496,965
ECL allowance on cash and cash equivalents	(45,737)	-
	67,904,561	52,651,265

Maturity analysis:

Current	67,904,561	52,651,265
	67,904,561	52,651,265

16 Trade receivables

	31 December 2024 N'000	31 December 2023 N'000
Trade receivables	20,495,735	25,623,651
ECL allowance on trade receivables receivables (Note 16.1)	(2,783,465)	(3,349,655)
	17,712,270	22,273,996

The Company's trade receivables are current in nature.

16.1 A reconciliation of changes in gross carrying amount and corresponding allowance for ECL on trade receivables using the simplified approach (lifetime ECL) is shown below.

	2024 Simplified approach		2023 Simplified approach	
	Gross carrying amount N '000	ECL N '000	Gross carrying amount N '000	ECL N '000
As at 1 January	25,623,651	3,349,655	53,037,883	296,102
New asset originated during the	(5,127,916)	(566,190)	(27,414,232)	3,053,553
As at 31 December	20,495,735	2,783,465	25,623,651	3,349,655

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17	Other receivables	31 December 2024 N'000	31 December 2023 N'000
	Financial assets at amortised cost:		
	Receivables from NSIA	1,000	1,000
	Other receivables	93,564,479	-
	Total financial assets before impairment	93,565,479	1,000
	*ECL allowance on other receivables	-	-
		93,565,479	1,000
	Non-financial assets:		
	Staff advance	-	4,276
	Advance for supply of raw materials (Note 17.1)	1,172,521	8,651,940
		94,738,000	8,657,216
	Maturity analysis:		
	Current	94,738,000	8,657,216
		94,738,000	8,657,216

*As at the reporting date, other receivables were not assessed for impairment under IFRS 9 because it arises from a pass through arrangement and the Company is not exposed to credit risk. A corresponding payable is recognized in the financial statements.

A reconciliation of changes in gross carrying amount and corresponding allowance for ECL on other receivables using the general approach is shown below.

	2024 Stage 1		2023 Stage 1	
	Gross carrying amount N '000	ECL N '000	Gross carrying amount N '000	ECL N '000
As at 1 January	1,000	-	36,260	-
Asset recognised/repaid	93,564,479	-	(35,260)	-
As at 31 December	93,565,479	-	1,000	-

17.1 Advance for supply of raw materials refers to amount prepaid to the manufacturers of the raw materials.

18	Inventory	31 December 2024 N'000	31 December 2023 N'000
	Raw materials	16,897,738	29,748,459
		16,897,738	29,748,459
	Maturity analysis:		
	Current	16,897,738	29,748,459
		16,897,738	29,748,459

Raw materials consumed amount to N329 billion (2023: N136 billion). Please see Note 7. There is no inventory balance pledged as security for liabilities as at the year ended (2023: Nil), and no inventory was written-off in the year (2023: Nil).

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	31 December 2024 N'000	31 December 2023 N'000
19 Property, plant and equipment		
Cost		
As at 1 January	-	-
Addition	170,000	-
As at 31 December	170,000	-
Accumulated depreciation		
As at 1 January	-	-
Depreciation charge for the year	17,708	-
As at 31 December	17,708	-
Net book value		
As at 31 December 2024	152,292	-
As at 31 December 2023	-	-
20 Trade payables	31 December 2024 N'000	31 December 2023 N'000
Financial liability:		
Trade payables	309,113	261,085
	309,113	261,085
Maturity analysis:		
Current	309,113	261,085
	309,113	261,085
21 Other payables	31 December 2024 N'000	31 December 2023 N'000
Financial liability:		
Other payables	107,948,319	3,664,514
Non financial liability (Accruals):		
Contract Liabilities	20,531,784	34,807,835
Deferred income on RSSF borrowing (Note 21.1)	14,743	85,924
Accruals	13,029,276	6,467,255
	141,524,122	45,025,528
	31 December 2024 N'000	31 December 2023 N'000
Maturity analysis:		
Non-current	-	-
Current	141,524,122	45,025,528
	141,524,122	45,025,528

21.1 Government grant on Real Sector Support Facility (RSSF) borrowing relates to the deferred income on below the market rate loan obtained from Union Bank of Nigeria Plc and United Bank for Africa Plc. The loan was secured for the Federal Government of Nigeria's Presidential Fertilizer Initiative Scheme under the Central Bank of Nigeria's Real Sector Support Facility (RSSF) scheme.

The fair value of the loan was recognised initially on the grant date and subsequently amortized on a straight line basis over the tenor of the loan. There were no unfulfilled conditions relating to the borrowing as at the reporting date.

Interest expense relating to this facility together with interest on other borrowings by the Company amounting to No.86 billion (2023: N1.10 billion) has been disclosed in the statement of comprehensive income. See notes 12.1 and 13 for additional details.

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22	Borrowings	31 December 2024 N'000	31 December 2023 N'000
	Real Sector Support Facility (RSSF) loan NESI Loan	17,517,708	19,855,000
	Real Sector Support Facility (RSSF) loan - NESI Loan interest accrued	926,519	3,524,204
	Real Sector Support Facility (RSSF) loan - UBA	-	-
	Real Sector Support Facility (RSSF) loan - Union Bank	-	1,414,076
	NSIA loan	-	3,639,186
		18,444,227	28,432,466
	Maturity analysis:		
	Non-current	-	-
	Current	18,444,227	28,432,466
		18,444,227	28,432,466
		31 December 2024 N'000	31 December 2023 N'000
22.1	Movement in borrowings		
	Opening balance	28,432,466	51,401,764
	Additions (22.1.1)	-	-
	Interest expense (Note 13)	5,245,619	5,719,619
	Repayment of interest during the year	(3,295,301)	(1,688,917)
	Repayment of capital during the year	(11,938,557)	(27,000,000)
	Closing balance	18,444,227	28,432,466
22.2	Total amount of N35 billion was approved as borrowings, and the Company has drawn down the N35 billion at the end of reporting Year 2021. The tenor of the loan is 6 years inclusive of 1 year moratorium of principal only. The interest rate paid on the facility by the Company ranges between 5% and 9%.		
	The benefit on the facility as a result of the below-market rate of interest granted to the Company on the borrowings accumulates to the deferred income portion of the facility, which is amortised over the life of the facility. The deferred income element of N15 million (2023:N86 million) is shown in Note 21.		
	Repayments of the principal and interest portion of the loan are made quarterly and repayment is from proceeds from the sale of fertilizer and raw materials.		
22.3	Short-term borrowings	31 December 2024 N'000	31 December 2023 N'000
	Short-term borrowings	-	4,565,238
		-	4,565,238
	Short-term borrowings comprises deferred letters of credit (LCs) obtained from the Central Bank of Nigeria. These facilities have maturities of 60 days to 180 days with interest rate range of 0.5% to 1.2%.		
23	Share capital	31 December 2024 N'000	31 December 2023 N'000
	Minimum share capital:		
	1 million ordinary shares at N1.00 each	1,000	1,000
		1,000	1,000
	Issued but not paid		
	1 million ordinary shares at N1.00 each	1,000	1,000
		1,000	1,000

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	31 December 2024 N'000	31 December 2023 N'000
24 Accumulated profit		
Opening balance	25,676,364	16,253,514
Profit for the year	6,507,417	9,422,850
	32,183,781	25,676,364

25 Capital management

The Company manages its capital with the objective to sustain development for the business and maximise shareholders' value. Management monitors the return on capital by reviewing monthly performance of its operations.

The Company monitors capital using a ratio of adjusted net debt to adjusted equity. For this purpose, adjusted net debt is defined as total liabilities, comprising payables to counterparties and other obligations, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio at 31 December 2024 was as follows:

	31 December 2024 N '000	31 December 2023 N '000
Cash and cash equivalents	67,904,561	52,651,266
Less: Total liabilities	(165,220,080)	(88,661,380)
Net deficit	(97,315,520)	(36,010,113)
Total equity	32,184,781	25,677,364
Adjusted equity	32,184,781	25,677,364
Net deficit to adjusted equity ratio	(3.02)	(1.40)

26 Directors' emoluments

There were no emoluments paid to the directors or any individuals holding a prescribed office during the year.

The directors waived their rights to receive compensation from the company for the years ended 31 December 2024 and 31 December 2023.

26.1 Key management personnel

Key management personnel are those persons with authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly. Key management personnel are the directors of the Company.

27 Related party transactions and balances

The parent entity of the Company, Ministry of Finance Incorporated (MOFI), is the ultimate controlling party. MOFI holds 100% equity interest in PFI-NPK Limited and exercises full control over its operations.

The Company's transactions and balances arising from dealings with related parties during the year are disclosed below;

(a) Transactions with related parties

During the year, the Company entered into the following transactions with its parent entity:

Related party	Relationship	Nature of transaction	31 December 2024 N'000	31 December 2023 N'000
MOFI	Parent entity	Management fee	2,226,639	-

28 Contingent liabilities and commitments

There were no contingent liabilities or commitments as at the reporting date (31 December 2023: Nil).

29 Events after the reporting period

There are no subsequent events or transactions that have occurred since the date of the statement of financial position or are pending that would have a material effect on the financial statement for the year ended 31 December 2024.

Other national disclosures

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Statement of value added

For the year ended 31 December 2024

	31 December 2024 N'000	%	31 December 2023 N'000	%
Revenue	389,533,648		182,204,199	
Other income	2,231,829		1,593,236	
	391,765,477		183,797,435	
Bought in materials and services	(373,836,797)		(164,359,742)	
Value added	17,928,680	100%	19,437,693	100%
Value distributed				
To pay providers of capital				
Finance costs	5,245,619	29%	5,719,619	29%
	5,245,619	29%	5,719,619	29%
To government				
Income tax expense	6,157,936	34%	4,295,224	22%
	6,157,936	34%	4,295,224	22%
To provide for enhancement of assets and growth:				
Depreciation of plant, property and equipment	17,708	0%	-	-
Retained profit	6,507,417	37%	9,422,850	49%
	6,525,125	37%	9,422,850	49%
Value added	17,928,680	100%	19,437,693	100%

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Statement of financial position	31 December 2024 N'000	31 December 2023 N'000	31 December 2022 N'000	31 December 2021 N'000	31 December 2020 N'000
Assets					
Property plant & equipment	152,292	-	-	-	-
Cash and cash equivalents	67,904,561	52,651,265	30,073,741	50,206,439	34,886,799
Trade receivables	17,712,270	22,273,996	52,741,781	54,222,823	16,189,041
Other receivables	94,738,000	8,657,216	2,746,076	16,228,100	32,898,982
Inventories	16,897,738	29,748,459	45,266,405	9,636,203	10,516,884
Deferred tax assets	-	1,007,807	-	357,918	-
Total assets	197,404,861	114,338,743	130,828,003	130,651,483	94,491,706
Non current liabilities					
Other payables	-	-	-	-	9,264,159
Borrowings	-	-	5,171,706	7,813,055	16,184,977
	-	-	5,171,706	7,813,055	25,449,136
Current liabilities					
Trade payables	309,113	261,085	302,929	630,274	15,140,301
Other payables	141,524,122	45,025,528	49,638,565	67,089,860	50,055,063
Deferred tax liabilities	936,617	-	192,165	-	-
Current tax liabilities	4,006,001	10,377,063	5,269,180	387,313	-
Borrowings	18,444,227	32,997,703	53,998,944	49,790,896	3,846,206
	165,220,080	88,661,379	109,401,783	117,898,343	69,041,570
Equity					
Share capital	1,000	1,000	1,000	1,000	1,000
Accumulated profit	32,183,781	25,676,364	16,253,514	4,939,085	-
	32,184,781	25,677,364	16,254,514	4,940,085	1,000
Total equity and liabilities	197,404,861	114,338,743	130,828,003	130,651,483	94,491,706
Statement of comprehensive income	31 December 2024 N '000	31 December 2023 N '000	31 December 2022 N '000	31 December 2021 N '000	31 December 2020 N '000
Revenue	389,533,648	182,204,199	178,539,354	174,425,807	86,974,424
Cost of sales	(358,243,418)	(156,908,697)	(156,147,207)	(163,706,576)	(98,768,513)
Gross profit/(loss)	31,290,230	25,295,502	22,392,147	10,719,231	(11,794,089)
Net foreign exchange loss	(6,742,272)	(1,339,024)	(333,743)	(2,657,021)	(2,516,083)
Impairment write back /(charge) on financial assets	520,453	(3,053,553)	1,217,973	(627,103)	(711,711)
Administrative expenses	(9,389,268)	(3,058,468)	(5,858,444)	(3,662,658)	(168,599)
Operating profit/(loss)	15,679,143	17,844,457	17,417,933	3,772,449	(15,190,482)
Interest income	678,874	122,009	35,260	-	518,112
Other income	1,552,955	1,471,227	3,513,960	8,730,916	18,052,069
Finance cost	(5,245,619)	(5,719,619)	(4,220,774)	(2,507,182)	(3,379,699)
Income tax expense	(6,157,936)	(4,295,224)	(5,431,950)	(29,395)	-
Profit for the year	6,507,417	9,422,850	11,314,429	9,966,788	-