

Air Liquide Nigeria PLC
Annual Report and Financial Statements
31 December 2021

Air Liquide Nigeria PLC
Annual Report and Financial Statements
For the year ended 31 December 2021
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Chairman's' Statement

Our Distinguished Shareholders, Ladies and Gentlemen. It is my pleasure to warmly welcome you to the 2022 Annual General Meeting (AGM) where we will again review and deliberate on the affairs of our company. Permit me to take this medium to congratulate you in view of the improving Covid -19/Omicron situation and the easing of COVID restrictions globally. The storm is clearly not over yet but we are grateful to God for the progress so far achieved globally in combating the pandemic. It is in this context that we are now able to reconvene like this - physically for those of us who were able to make it, as against the special circumstances in which we held the past two meetings. Once more, I say welcome. May I now proceed to present to you the Annual Report and Financial Statements of the Company for the financial year ended 31st December, 2021.

Our company's 2021 performance was framed by key events happening both internally and externally. I will briefly discuss the highlights of these events before delving into the financial performance for the period.

Safety and Quality

As in the year 2020, the company again recorded zero Lost Time Accident (LTA) and Non-Lost Time Accident (NLTA) in 2021. This is highly commendable considering the huge difference in the activity levels and circumstances across both periods.

The safety theme for 2021 was **Safety, My Responsibility!** In line with this theme, our staff, customers, suppliers and other stakeholders were actively engaged to deliver on the ultimate objective of "ZERO ACCIDENT". Thanks to everyone's collective efforts, the company exceeded both her Safety and Industrial Management Systems (IMS) targets for the year 2021 by 700 and 500 bps respectively. Continuous emphasis remained on our safety fundamentals, the 12 Life Saving Rules (LSR), Road Safety, Cylinder Handling and Flash Fires.

COVID -19

For the year, the company sustained all COVID 19 safety protocols/requirements (including good hygiene practices, social distancing, mandatory use of face masks etc.). Vaccination and booster shots were also encouraged among staff in line with regulations by the local government/health authorities.

Travel for business was significantly reduced and permissible only for critical reasons. As a testament for the success of our initiatives on this score, the company recorded only 3 isolated Covid 19 cases (2 in Lagos, 1 in Port Harcourt) all of which did not result in any secondary contacts. All affected employees fully recovered and got back to post without needing hospitalisation.

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Operating Environment

The business environment in 2021 was quite contrasted. Whereas headline inflation dropped from just over 18% at the end of Q1 2021 to a little over 15% at the end of Q4 2021, the country's currency suffered further depreciation during the period, coupled with a general foreign currency scarcity within and outside the banking sector. There was also the constraint of congestion at the ports as well as a general security situation that oftentimes hindered the smooth conduct of business.

On another note, the easing of pandemic-induced lockdowns and the gradual resumption of economic activities saw GDP at an average annual growth of 3.4%, the strongest since 2014. The 2021 GDP marks an improvement compared to the -2.61% contraction recorded over the corresponding period of 2020. Notably, the economy was largely driven by the non-oil sector, which accounted for 94.81 per cent of GDP while the oil sector contributed 5.19 per cent to growth. (Source: National Bureau of Statistics, Central Bank of Nigeria)

Some of the most significant events during the year include:

- Persistent impact of structural problems in terms of electricity supply, inefficient transportation, inefficient cargo clearing logistics at the ports
- Social and political agitations across various regions
- 2021 saw a consistent rise in the cost of utilities like electricity, cooking gas, and food items. Headline inflation (year-on-year) trended upwards in 2021. The year-on-year inflation rate in January 2021 which was at 16.47% closed the year at 15.63% as against 15.75% in 2020.
- Significant debate on taxation in Nigeria in 2021 revolved around the Value Added Tax. The landmark case between the Federal Inland Revenue Service (FIRS) and the Rivers State Government was a notable one.
- Continued forex shortages and the resultant liquidity management by the Central Bank of Nigeria (CBN)
- Bonny light opened in 2021 at US\$50.67 per barrel and subsequently rose to a high of US\$76.25 in December 2021. (source: Central Bank of Nigeria).
- The average naira exchange rate was impacted by devaluation and scarcity. At the inter-bank segment, the rate opened at ₦381/US\$ in January, 2021 and closed at ₦412.99/US\$ at year end 2021. The rate at the BDC segment opened at ₦472.40/US\$ in January, 2021 with the latest available date reporting ₦481.60/US\$ as at April 2021. (source: Central Bank of Nigeria).

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- The MPR was retained at 11.5% with the asymmetric corridor of +100/-700 basis points, the Cash Reserve Requirement (CRR) was increased to 27.5% and the liquidity ratio at 30%.
- The base rate averaged 11.50% (source: Central Bank of Nigeria).

Ladies and Gentlemen, it is within this context, that your company conducted its affairs.

Company Performance

For the period under review, the company's turnover grew by about 18%. This was despite the fact that the Air Separation Unit's commissioning further staggered beyond the end of the year. Being unable to create internal competitive advantage; the company relied on local product sourcing for its main products. This situation was further aggravated by forex challenges which constrained us to rely on alternative arrangements to source for these imported products. As was the case in 2020, heavy dependence on the supply chain came with its enormous difficulties, including unprecedented cost increases, unreliability, price fluctuations, and little or no competitive advantage. These challenges notwithstanding, the Company sought efficiencies and a measure of cost management and pass-through to mitigate against the above mentioned negative effects. The resultant turnover for the periods was 1.885 Billion Naira as against the 2020 turnover of 1.598 Billion Naira. During the period, missed sales were about 1.4 billion Naira.

Fully aware of the difficult context environmentally and operationally, the Management with the support of your Directors worked hard to identify areas of positive effect both at the level of the topline and the bottom line. The resultant year-end position was therefore a profit after tax of 314 Million Naira for the year 2021 compared to the 2020 loss of 1 023 Million Naira. This outcome was impacted by the write-off of about 631.62 Million Naira in Royalties by Air Liquide S.A.

Ladies and Gentlemen, whereas this outcome offers a ray of hope to build upon, we are mindful of the fact that 2022 being a pre-election will present its own challenges. But your Directors and Management are determined to forge ahead notwithstanding the challenges.

With the commissioning of a new Air Separation Unit (ASU) in the 2nd Quarter of 2022, we hope to restore a measure of reliability and back up. We recognise however that there is work to do to make this as efficient as possible. In all this, we are clear on what needs to be done - We shall continue to apply ourselves to the task ahead seeking to adapt, with a view to ensuring a change in the narrative of your esteemed company.

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Proposed Dividend

Despite reporting a profit for the 2021 financial year and mindful of the need to claw back as much resources as possible into the business, the board of directors proposes that no dividends would be declared this year.

Outlook for year 2022

Global trends predict that COVID 19 will remain a threat with the risk of more variants; monetary policy will be tightened by central banks heightening debt service cost; dominance of hybrid work system; de-globalization and its impact on inflation risk and a structural and strategic shift to net zero carbon emission goals

We foresee that Nigeria will experience the impact in these key areas:

GDP:

- The International Monetary Fund (IMF) is projecting a 2022 GDP of about 2.7%

Inflation:

- Lingering global supply shortage will weigh on the supply of imported raw materials.
- Supply disruptions coupled with exchange rate pass through effect, will stoke inflation
- Inflation would remain double digit and continue to soar with higher electricity tariffs and newly introduced levies.

Monetary Policy:

- Likely monetary policy tightening in advanced economies could trigger capital flow reversals. Capital Importation could be negatively affected by policy speculation in a pre-election year, resulting in likely currency weakness and increased debt burden

Covid 19:

- There may be a possible spike in COVID 19 infections
- Nigeria could experience another record slump in fiscal revenue due to lower oil output and receipts, a decline in remittances and subdued economic activities

Despite these factors and anticipated increase in competition as a result of new players entering into the industry, our company will continue to harness all the opportunities available in the sector while also operating a lean team. We shall also focus on optimising the newly commissioned Air Separation Unit while exploring new business and investment opportunities.

Ultimately, Crude oil prices, the level of activity in the oil and gas industry, forex availability and security will to a large extent not only impact the performance of our company but also that of the economy in general.

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We remain cautiously optimistic that with the restoration of the production plant, and attention going back to our medium-term transformation agenda, we are convinced we can improve the performance of the company.

BOARD CHANGES

Since the last Annual General Meeting, Mr. Gino Monradini resigned as a Director of the Company on 15 July 2021 and Ms. Takudzwa Wendy Mudzengi was appointed a Director on the same date, which appointment comes up for ratification at this meeting of the Company.

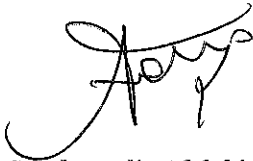
On the other hand, Mr. Philippe Jean-Paul Martinez retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

Conclusion

As I conclude my report - I wish to profoundly thank all our distinguished stakeholders - our shareholders, management, staff, the audit committee, colleagues on the Board and our cherished customers and partners for your attention and commitment over the years. God willing and with your support, we shall advance the course of our company.

On our part, we will continue to persevere in order to see a positive transformation in the fortunes of our company anchored on delivering consistent and quality customer experience.

Thank you again and may the Almighty God continue to guide and bless us.



Sunday Felix Afolabi

Lagos, Nigeria

Air Liquide Nigeria PLC

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Corporate information

Company registration number

RC 2078

Tax identification number

01057786-0001

Directors

Felix Sunday Afolabi (Nigerian)
Sulemana Kwesi Dauda (Ghanaian)
Aliyu Jimeta (Nigerian)
Ottih John Ottih (Nigerian)
Alexandre Marie Dominique Laurent Dufour (French)
Philippe Jean-Paul Martinez (French)
Takudzwa Wendy Mudzengi (Zimbabwean)

Chairman
Managing Director
Independent Non-Executive Director
Independent Non-Executive Director
Non-Executive Director
Non-Executive Director
Non-Executive Director

Registered office

104/106 Ladipo Street
Matori, Mushin
Lagos, Nigeria
Website: www.ng.airliquide.com

Independent auditor

PricewaterhouseCoopers
Chartered Accountants
Landmark Towers, Plot 5B Water Corporation Road
Victoria Island
Lagos

Company secretary

Marina Nominees Limited
Aret Adams House
233, Ikorodu Road
Ilupeju
Lagos, Nigeria
Email: marinanommails@yahoo.com
marinanominees@gmail.com

Company registrar

Coronation Registrars Limited
Plot 10, Amodu Ojikutu Street
Off Saka Tinubu Street
Victoria Island, Lagos
Nigeria
Website: <https://coronation.ng/institutional/>

Solicitors

Messrs. Dele Oloke &
Co. Tobi Kekemeke &
Co. G.O Tamuno & Co.

Principal bankers

United Bank for Africa Plc
Stanbic IBTC Bank Plc
Citibank Nigeria Limited

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Report of the directors

The directors submit herewith their annual report together with the financial statements for the year ended 31 December 2021 to the members of Air Liquide Nigeria Plc (the Company). The report discloses the financial performance and state of affairs of the Company.

Legal form

Air Liquide Nigeria Plc was incorporated in Nigeria on 25 January 1960 under the Companies and Allied Matters Act as Port Harcourt Gas Producers Limited, and is domiciled in Nigeria. It changed its name on 29 June 1966 to Gas Producers Limited. On 26 February 1992, the name was again changed to Air Liquide Nigeria Plc. The Company is a Public Limited Liability Company listed on the National Association of Securities Dealers (NASD).

Principal activities

The principal activities of the Company are the manufacture and sale of industrial and medical gases and related services. It also imports and sells medical and welding equipment and accessories.

State of affairs

In the opinion of the directors, the state of affairs of the Company is satisfactory and events that have occurred since the reporting date which may affect the financial statements as presented have been disclosed in Note 31.

Results and dividends

The Company's results for the year ended 31 December 2021 are set out on page 26. The profit for the year of ₦314.13 million (2020: (₦1.02 billion)) has been transferred to accumulated deficits. The summarised results are presented below.

	31 December 2021 ₦'000	31 December 2020 ₦'000
Revenue	1,884,776	1,597,823
Profit/(loss) before tax	326,409	(1,014,233)
Income tax expense	(12,281)	(9,463)
Profit/(loss) for the year	314,128	(1,023,696)
Other comprehensive profit/(loss) net of taxes	-	-
Total comprehensive profit/(loss) for the year	314,128	(1,023,696)

The directors are not recommending any dividend for declaration in respect of the year ended 31 December 2021 (2020:

Nil). Property, plant and equipment

Information relating to changes in property, plant and equipment (PP&E) is shown in Note 13 to the financial statements. In the opinion of the directors, the market value of the Company's property, plant and equipment is not less than the carrying value shown in the financial statements.

Acquisition of own shares

The Company has not purchased any of its own shares during the year under review (2020: Nil).

Directors

The directors who held office during the year and to the date of this report are set out on page 8.

Mr. Gino Monradini resigned as a director of the Company on 15 July 2021 and Ms. Takudzwa Wendy Mudzengi was appointed a director on the same date. The appointment of Ms. Mudzengi will be ratified at the 2022 Annual General Meeting of the Company.

Mr. Philippe Jean-Paul Martinez retires by rotation in accordance with the Company's Articles of Association and, being eligible, offers himself for re-election.

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Report of the directors

Directors' shareholding

The directors who held office during the year and to the date of this report together with their direct and indirect interests in the issued share capital of the Company as recorded in the register of directors' shareholdings and/or as notified by the directors for the purposes of section 301 of the Companies and Allied Matters Act 2020 are as follows:

Director	Number of shares held at 31 December 2021 and 2020			Percentage holding
	Direct	Indirect	Total	
Mr. Felix S. Afolabi	284,597	-	284,597	0.05%

Directors' interests in contracts

None of the directors has notified the Company for the purpose of section 303 of the Companies and Allied Matters Act 2020 of their direct or indirect interest in contracts or proposed contracts with the Company during the year.

Substantial interest in shares

At 31 December 2021, L'Air Liquide S.A. held 506,157,600 ordinary shares, being 87.31% of the paid up share capital of the Company (2020: 506,157,600 ordinary shares). No other individual shareholder held more than 10% of the issued share capital of the Company.

Shareholding information	Number of shares held at 31 December 2021 and 2020			Percentage holding
	Direct	Indirect	Total	
L'Air Liquide S.A.	506,157,600	-	506,157,600	87.31%
Mr. Felix S. Afolabi	284,597	-	284,597	0.05%
Nigerian citizens/ Companies	73,304,264	-	73,304,264	12.64%
	579,746,461	-	579,746,461	100%

Share Range Analysis as at 31 December 2021

Share Range	No. of Shareholders	Holder's %	Units	Units %
1 - 1,000	159	27.09	61,549	0.01
1,001 - 5,000	98	16.70	273,523	0.05
5,001 - 10,000	74	12.61	536,255	0.09
10,001 - 50,000	145	24.70	3,839,921	0.66
50,001 - 100,000	41	6.98	3,163,509	0.55
100,001 - 500,000	41	6.98	9,697,333	1.67
500,001 - 1,000,000	9	1.53	6,427,298	1.10
1,000,001 - 5,000,000	17	2.90	30,659,128	5.29
5,000,001 - 10,000,000	1	0.17	8,576,784	1.48
10,000,001 - 50,000,000	1	0.17	10,353,561	1.79
50,000,001 - 1,000,000,000	1	0.17	506,157,600	87.31
Total	587	100	579,746,461	100

Shareholders' representative

Air Liquide Afrique

Mr. Alexandre Dufour

Contributions and charitable gifts

The Company spent about ₦5.19 million (2020: ₦1.92 million) in respect of corporate social responsibility.

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Suppliers

The Company's significant local suppliers include:

Name	Relationship
BOC Gases Nigeria Plc	Supplier
Apex African Gas Nigeria Ltd.	Supplier
Indorama Petrochemicals Co. Ltd.	Supplier
Heritage Maritime Services Limited	Supplier
Zabgab Entreprises	Supplier

The Company's significant overseas suppliers are:

Name	Relationship
Air Liquide Oil and Gas Services	Related Party
Air Liquide Speena (Tunisia)	Related Party
L'Air Liquide S.A., France	Holding company
Air Liquide Africa Services (Pty) Ltd	Related Party
Airgas	Related Party

Ultimate Holding Company

The ultimate holding company is L'Air Liquide S.A., France.

Technical and license agreements

The Company has entered into a Technology Licence and Assistance Agreement and a Trademarks and Trade-name Licence Agreement with L'Air Liquide S.A., France, its holding company. Under the Technology and Assistance Agreement, L'Air Liquide S.A., France permits Air Liquide Nigeria Plc to use any of its technologies. L'Air Liquide S.A., shall also provide assistance for the use of same. Under the Trademarks and Trade-name Licence Agreement, the Company is permitted to use any and all trademarks owned by L'Air Liquide S.A., France.

The two agreements took effect from 30 December 1997.

In consideration of the agreement, the Company shall pay to L'Air Liquide S.A., France the following:-

- Under the Technology Licence and Assistance Agreement, and the Trademarks and Trade-name Licence Agreement the Company shall make a total payment of 2.0% of net sales and 3% of net sales respectively.

Employment and employees

Employment policies

It is the policy of the Company that there is no discrimination in considering applications for employment including those from physically challenged persons. There is no physically challenged person in the employment of the Company during the year ended 31 December 2021 (2020: Nil). It is the Company's policy to consider physically challenged persons for employment, bearing in mind the respective aptitudes and abilities of the applicant concerned. All employees whether or not physically challenged are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers.

Employees' involvement and training

The Company is committed to keeping employees fully informed regarding its performance and progress and seeking their views wherever practicable on matters which particularly affect them as employees.

The managerial, professional and technical expertise of staff are the Company's major assets, and investments in developing such skills continue. The Company's manpower development programme has been adapted to the evolving needs so as to create improved career prospects within the organisation.

Incentive schemes designed to meet the circumstances of each individual and to encourage performance are implemented wherever appropriate and some of these schemes include bonuses, promotions, wage reviews among others.

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Report of the directors

Health, safety at work and welfare of employees

Health and Safety regulations are in force within the Company's premises and employees are aware of the existing regulations. The Company provides subsidy to all employees for meals, transportation, housing, etc. The Company continues to subscribe to health insurance coverage for all its staff. This has been fully operational since 2013.

Events after the reporting date

As stated in Note 31, there are no events or transactions that have occurred since the reporting date which could have a material effect on the financial statements as at 31 December 2021 and on the results of the year ended that have been taken into account in the preparation of these financial statements.

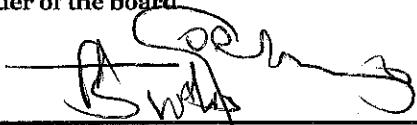
Format of financial statements

The financial statements of Air Liquide Nigeria Plc have been prepared in accordance with the reporting and presentation requirements of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Auditors

The Company's auditors, Messrs. PricewaterhouseCoopers have indicated their willingness to continue in office in accordance with section 401(2) of the Companies and Allied Matters Act (CAMA) 2020. A resolution will be proposed at the Annual General Meeting to authorise the Directors to determine the remuneration of the Auditors.

By order of the board



A.O. OYEBANJO
FRC/2013/ICSAN/0000003281
For: Marina Nominees Limited
Company Secretary, Lagos, Nigeria



31 March 2022

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Directors' Profile

The Board of Directors of Air Liquide Nigeria comprises seven members consisting of one Executive Director and six Non-Executive Directors. The Board formulates the broad policies and takes strategic decisions for the management and operations of Air Liquide Nigeria Plc in line with the Company's objectives.



Mr Felix Sunday Afolabi is the Non-Executive Chairman of Air Liquide Nigeria. He graduated with a B.Eng degree in Industrial Chemistry from Ecole Nationale Supérieure de Chimie (1983) and obtained a University of Technology degree in Industrial Chemistry in France (1980). He began his professional career in Air Liquide Group in 1983 and has served in various capacities including Industrial operations and maintenance director and technical director for the Western and Central Africa Region. His experience cuts across operations and entity management within Western and Central Africa. He became the Non-Executive Chairman of Air Liquide Nigeria in September 2018 and has been on the Board of Air Liquide Nigeria since 2013.



Mr Sulemana Dauda is the Managing Director of Air Liquide Nigeria Plc. Sulemana was appointed Managing Director for Air Liquide's West Coast region, comprising Nigeria, Ghana, Togo and Benin in January 2019. Sulemana holds a M.Sc. degree in Computer Engineering from University City José Antonio Echeverría (1992) and a Master of Business Administration in International Business from the Paris Graduate School of Management (2006). He has extensive industry experience spanning 26 years across the western and central Africa sub-regions. In 2008, he served as Mining Business Development Manager for western and central Africa and subsequently moved to Burkina Faso as the General Manager of Air Liquide Burkina Faso from 2009 to 2011. In January 2012, he was appointed the Executive Director of Air Liquide Nigeria Plc with responsibility for the operations in the South and South-East of Nigeria and subsequently served as Managing Director from May 2013 to October 2016. He was subsequently appointed to manage the Working Capital improvement project in the Africa Cluster, spanning 22 countries and 32 subsidiaries. Following a difficult period of instability, he was brought back to Nigeria in June 2018 to lead the renewal and transformation of the business. He is a transformational leader with a track record of turning around businesses for profitable growth. Sulemana has attended various Business Development, Management and leadership training programs in Europe, the Middle East and Africa.

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Directors' Profile



Mr Alexandre Dufour is a Non-Executive Director of Air Liquide Nigeria Plc, and is the Managing Director of Air Liquide West and Central Africa region. Alexandre has B.Sc. (Hons) degree in Engineering from Ecam Lycon (1999) and holds an Executive Master of Business Administration degree from INSEAD (2014). He commenced his career in January 1999 as a Mechanical Engineer in the University of California, before joining Air Liquide Group as an Operations Controller for large industry Benelux in Brussels in August 1999. His career in Air Liquide Group spans across various business areas, including Energy Purchases and Corporate Finance before he became Operations Controller for South East Asia and India in May 2011. Alexandre also worked as JV General Manager in Wesfarmers, an industrial conglomerate in Perth Australia, from June 2011 to December 2014. He returned to Air Liquide Group as Director of strategic control & BI digital transformation in July 2015 and was appointed Managing Director of Air Liquide West and Central Africa region in June 2018. He was appointed Non-Executive Director of Air Liquide Nigeria Plc in June 2018.



Mr Aliyu Jimeta is a Non-Executive Director of Air Liquide Nigeria Plc. He holds an Economics degree from University of Lagos 1998. He commenced his career with Guaranty Trust Bank Plc where he worked in various departments including operations, commercial, corporate and institutional banking. He was notably a relationship manager for various top end downstream and support service customers in the oil and gas segment. He moved to Stanbic IBTC Holdings Plc where he was in-charge of the oil and gas upstream portfolio and subsequently the downstream portfolio before leaving the banking industry to join Taleveras group, an oil and gas company in 2008 as Finance Director. He is currently the Executive Director at Leighton Trading and Marketing Limited. He became a Non-Executive Director of Air Liquide Nigeria Plc in November 2018.

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Directors' Profile



Mr Ottih John Ottih is a Non-Executive Director of Air Liquide Nigeria Plc. He holds a B.Sc degree in Electrical and Electronics Engineering from the University of Nigeria Nsukka. He has over 40 years of professional, managerial and leadership experience. He started his career as an Electrical Engineer with National Electric Power Authority (NEPA) before joining Shell Petroleum Development Company of Nigeria Limited (SPDC) as an Electrical Project Engineer. In SPDC, he built a broad stream of oil and gas experience having worked across six business segments including, Engineering, Maintenance, Operations, Asset Management, Performance Improvement and Stakeholder Management while holding senior managerial positions. From 2010 to 2013, he served as a consultant to the Nigeria Infrastructure Advisory Facility, a Department of International Development (UK) sponsored agency supporting the Nigeria power sector. He currently serves as the Founder and Chairman of South Atlantic Energy Limited, an oil, gas and power consulting company in Nigeria. He joined the Board of Air Liquide Nigeria Plc in December 2017 as a Non-Executive Director.



Mr Philippe Martinez is a Non-Executive Director of Air Liquide Nigeria Plc. He obtained a degree in Macroeconomics and Finance from University of California (1991) and M.Sc degree in Business Administration and Management from INSEEC (1992). He also holds a Master's degree in Internal Auditing from Aix-Marseille University (1993). He is an alumnus of INSEAD's, International Development Program (2004); HEC School of Management's Executive Education in Strategy (2006); Health Sciences Institute's Professional Program on Disease Management (2007); Harvard Business School Executive Education in Leadership and Strategy in Pharmaceuticals and Biotech (2011); INSEAD's Executive Education in Building Businesses (2014) and Massachusetts Institute of Technology's Executive Education in Digital Marketing and Social Media Analytics (2017). He has served in various capacities within Air Liquide Group from Vice President of Home Healthcare in Paris to Vice President of Healthcare and Hydrogen Energy in Japan (2014) to the position of Senior Vice President of Asia from 2008 to 2016. He held the position of Vice President of Industrial Markets in France in 2016 before he was appointed to his current position as Vice President for Africa Cluster. He joined the Board of Air Liquide Nigeria Plc in August 2019 as a Non-Executive Director.

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Ms Takudzwa Wendy Mudzengi is a Non-Executive Director of Air Liquide Nigeria Plc. She holds a Honours Bachelor's degree in Accounting Science from the University of South Africa (2009) and she qualified as a chartered accountant with the South African Institute of Chartered Accountants in 2011. Her career started in 2007 with Ernst & Young Zimbabwe where she worked with a large number of companies listed on the Zimbabwe Stock Exchange. In 2014 she was then transferred to Ernst & Young South Africa in Assurance where she worked with a number of companies across diverse industries including listed and non-listed entities. She has over 15 years financial experience gained at EY and recently with Air Liquide. She joined Air Liquide in May 2020 as the Financial Controller for Air Liquide Africa Cluster based in South Africa, a role she currently holds to date. She is also a Non- Executive Director of Air Liquide Large Industry Proprietary Limited in South Africa. She joined the Board of Air Liquide Nigeria Plc in July 2021 as a Non-Executive Director.

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Statement of directors' responsibilities

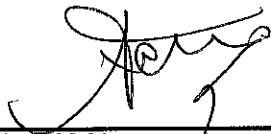
The Companies and Allied Matters Act 2020, requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of its profit or loss. The responsibilities include:

- a) ensuring that the Company 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 and with the Financial Reporting Council of Nigeria Act No 6 2011;
- b) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; and
- c) preparing the Company's financial statements using suitable accounting policies supported by reasonable and prudent judgements and estimates that are consistently applied.

The directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.


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

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



Felix Sunday Afolabi
FRC/2016/IODN/00000014110
Chairman

2022



Sulemana Kwesi Dauda
FRC/2014/IODN/00000007679
Managing Director

2022

Air Liquide Nigeria PLC

Annual Report and Financial Statements

For the year ended 31 December 2021

Report of Corporate Governance

Corporate governance

Air Liquide Nigeria Plc recognises the importance of good corporate governance as a means of sustaining the viability of the business in the long term and has embraced the tenets of good corporate governance in its practices, processes and structures.

In the conduct of its business, the Company has sought to comply with all statutory requirements, adopted tried and proven best practices to protect the environment and its employees, invested in the communities in which it operates and strove to enhance shareholders' value in the process. The Company adopts near-term as well as medium and long term growth strategies, and allocates resources in order to guarantee the creation of wealth. It promotes and recognises excellence through its employees' development programmes.

The Company has put in place systems of internal controls in order to safeguard the interests of shareholders and other stakeholders, and to ensure the reliability of its records. As indicated in the notes to the financial statements, the business adopts standard accounting practices to facilitate transparency in the disclosure of information and to give assurance regarding the reliability of the financial statements.

The Board of Directors

The Board of Directors of the Company is responsible for the corporate governance of the Company. The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial status of the Company and ensures that the Accounts comply with the Companies and Allied Matters Act, 2020.

The Board is composed of professionals in their various areas of expertise as well as in the core activities of the Company in order to ensure that the required knowledge base is available at all times to guide and sustain its operations, formulate good practices for competitive advantage, and to promote innovation and customer-centricity.

The Board comprises one full-time Executive Director (Managing Director of the Company) and six other Directors who are Non-Executive, one of whom is the Chairman. Among the Non-Executive Directors is the Air Liquide West Africa Area Director with oversight responsibility for Air Liquide Nigeria Plc.

The roles and responsibilities of the Board include but are not limited to the following:

- Setting overall Company's objectives and policies aimed at maximising shareholders' values
- Approval of strategic plans and financial statements
- Approval of appropriations and distribution of profits
- Designing and maintenance of internal controls
- Ensuring a governance process which is in line with the National Corporate Governance Code of the Federal Republic of Nigeria, and conforming with the rules of the Companies and Allied Matters Act 2020.
- Determination and implementation of matters reserved for the general Board.

The Board meets regularly and as often as the need arises but not less than three times per year. The Board met three times in the financial year ended 31 December 2021 and details of the attendance of the Directors are as follows:

Names of the Directors	Dates of Board Meetings		
	5-Apr-21	15-Jul-21	2-Dec-21
Felix Sunday Afolabi (Chairman)	Present	Present	Present
Sulemana Kwesi Dauda (Managing Director)	Present	Present	Present
Aliyu Jimeta	Present	Present	Present
Ottih John Ottih	Present	Present	Present
Alexandre Marie Dominique Laurent Dufour	Present	Present	Present
Philippe Jean-Paul Martinez	Present	Present	Absent
Ms. Takudzwa Wendy Mudzengi	Not yet appointed	Present	Present

Air Liquide Nigeria PLC

Annual Report and Financial Statements

For the year ended 31 December 2021

Report of Corporate Governance

The Audit Committee

The Audit Committee is made up of three representatives of the Shareholders and two members of the Board. The Committee is chaired by a representative of the Shareholders. The Committee meets to review the adequacy of the internal and external audit plans, to receive and deliberate on the report of the external auditors, to review progress on recommendations made in both the internal and external audit reports, to review the adequacy of internal control systems and the degree of business compliance with laid down internal policies, laws, code of business principles and any other relevant regulatory framework. The Committee met three times in the financial year ended 31 December 2021 and details of the attendance of the members are as follows:

Names of Audit Committee Members	Dates of Audit Committee Meetings		
	20-Jan-21	1-Apr-21	6-Oct-21
Superior Snr. Evang. (Dr.) Anthony.O. Omojola (Chairman)	Present	Present	Present
Samuel.O. Onukwue	Present	Present	Present
Alexandre Marie Dominique Laurent Dufour	Present	Present	Present
Mrs Amení Ajili	Present	Present	Present
Ms. Takudzwa Wendy Mudzengi	Not yet appointed	Not yet appointed	Present

Board Committees

The following Board Committees have been established:

1 Audit & Risk Management Committee

The Committee is composed of Non-Executive Directors excluding the Chairman of the Board of Directors of the Company in line with Principle 11 of the National Code of Corporate Governance in Nigeria issued by the Nigerian Code of Corporate Governance. The Committee met once in the financial year ended 31 December 2021 on the 29 November 2021 and attendance was as follows:

Members

Ms. Takudzwa Wendy Mudzengi (Chairman)	Present
Mr. Alexandre Marie Dominique Laurent Dufour	Present
Mr. Aliyu Jimeta	Present

2 Nomination, Governance & Remuneration Committee

The Committee is composed of Non-Executive Directors excluding the Chairman of the Board of Directors of the Company in line with Principle 11 of the National Code of Corporate Governance in Nigeria issued by the Nigerian Code of Corporate Governance. The Committee met once in the financial year ended 31 December 2021 on the 30 November 2021 and attendance was as follows:

Members

Mr. Aliyu Jimeta (Chairman)	Present
Mr. Otth John Otth	Present
Mr. Philippe Martinez	Absent

The Management Team

The management team is comprised of the following members:

Mr. Sulemana K. Dauda	Managing Director
Mr. Peter Nwabuisi	Senior Sales & Marketing Manager
Mr. Cedric Chembou	Finance Manager
Mr. Albert Nwachuku	Procurement Manager
Mr. Olusola Oke	Internal Controller
Mr. Victor Stephen	HSE, Security & Local Content Manager.
Mrs. Blessing Onu	Operations Manager/Site Manager PHC

The management team meets regularly to review the performance of the Company and assess progress against the achievement of laid down objectives. It also reviews programmes and strategies, and assigns responsibilities and resources for achievement of the set goals. Consequently, the Management Team is charged with the responsibility of identifying and assessing the risk profile within which the Company is operating, with a view to eliminating or minimising the impact of such risk to the achievement of set Company's objectives.

Air Liquide Nigeria PLC
Annual Report and Financial Statements
For the year ended 31 December 2021
Report of Corporate Governance

Internal Control

The Company employs reasonable and appropriate accounting policies in the preparation of its financial statements that ensure that a sound system of internal control that safeguards its assets and Shareholders' wealth is maintained. This is enhanced by the activities of the Internal Controller's office whose function includes that of monitoring compliances with laid down Company's policies.

Code of Conduct

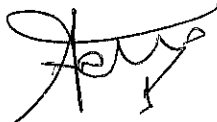
The Company's operations are governed by a Code of Conduct which comprises the core values held as a bond with all stakeholders and these include integrity which ensures that the Company maintains the highest level of honesty and principles, and subscribe to the highest standard of ethical conduct.

Attestation

The Directors assert that all the assets and liabilities of the Company have been reliably measured and stated within the identifiable elements in the financial statements.

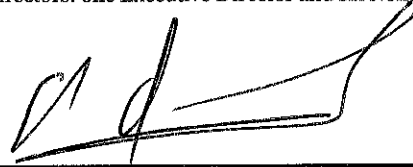
They are also responsible for safeguarding the assets of the Company by taking reasonable steps for the prevention and detection of fraud and other irregularities.

During the year under review, the Company was managed by a Board of seven Directors: one Executive Director and six Non-Executive Directors.



Felix Sunday Afolabi
FRC/2016/IODN/00000014110
Chairman

2022



Sulemana Kwesi Dauda
FRC/2014/IODN/00000007679
Managing Director

2022

Air Liquide Nigeria PLC
Annual Report and Financial Statements
For the year ended 31 December 2021
Statement of Corporate Responsibility for Financial Reports

The Companies and Allied Matters Act 2020 (section 405(1)) requires the chief executive officer and chief financial officer to certify in the audited financial statements as follows:

(a) We have reviewed the financial statements, and based on our knowledge the:

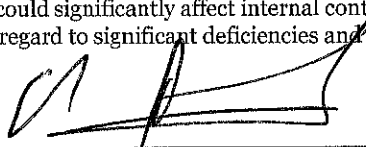
- (i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- (ii) audited financial statements and all other financial 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 periods covered by the audited financial statements;

(b) We certify that we:

- (i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company and its subsidiaries is made known to us by other officers of the Company, particularly during the period in which the audited financial statement report is being prepared,
- (ii) have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of its audited financial statements, and
- (iii) certify that the Company's internal controls are effective as of that date;

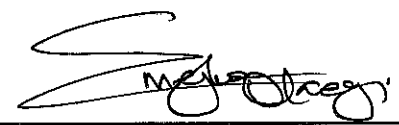
(c) We disclosed to the Company's auditors and audit committee:

- (i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and has identified for the Company's auditors any material weaknesses in internal controls, and
 - (ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Company's internal control; and
- d) We have indicated in the report, whether or not, there were 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.



Sulemana Kwesi Dauda
FRC/2014/IODN/00000007679
Managing Director

2022



Emeghinike Okeoji
FRC/2022/PRO/ICAN/001/23369
Accounts Manager

2022

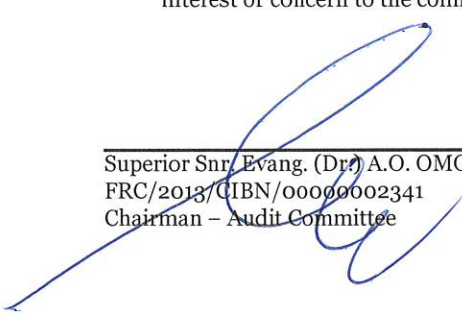
Air Liquide Nigeria PLC
Annual Report and Financial Statements
For the year ended 31 December 2021
Report of the audit committee

Report of the Audit Committee to the Shareholders of Air Liquide Nigeria PLC

We have examined the Independent auditor's report for the year ended 31 December 2021 in accordance with the provisions of Section 404 (7) of the Companies and Allied Matters Act 2020.

In addition, we have reviewed the audited financial statements of the Company for the year ended 31 December 2021 and the reports thereon, and hereby state as follows:

- i. The accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.
- ii. The scope and planning of audit requirements were in our opinion adequate.
- iii. We have reviewed the findings on Management matters with the external auditors and are satisfied with the response of Management thereon.
- iv. The Company's system of accounting and internal controls was adequate.
- v. We have made the recommendations required to be made in respect of the external auditors.
- vi. We authorised the internal auditor to carry out investigations into any activities of the company which may be of interest or concern to the committee.



Superior Snr. Evang. (Dr.) A.O. OMOJOLA
FRC/2013/CIBN/00000002341
Chairman – Audit Committee

2022

MEMBERS OF THE AUDIT COMMITTEE

Superior Snr. Evang. (Dr.) Anthony.O. Omojola (Chairman)
Samuel.O. Onukwue
Alexandre Marie Dominique Laurent Dufour
Ameni Ajili
Takudzwa Wendy Mudzengi



Independent auditor's report

To the Members of Air Liquide Nigeria Plc

Report on the audit of the financial statements

Our opinion

In our opinion, Air Liquide Nigeria Plc's ("the company's") financial statements give a true and fair view of the financial position of the company as at 31 December 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act.

What we have audited

Air Liquide Nigeria Plc's financial statements comprise:

- the statement of profit or loss and other comprehensive income for the year then ended;
 - the statement of financial position as at 31 December 2021;
 - the statement of changes in equity for the year then ended;
 - the statement of cash flows for the year then ended; and
 - the notes to the financial statements, which include a summary of significant accounting policies.
-

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards), i.e. the IESBA Code issued by the International Ethics Standards Board for Accountants. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

Other information

The directors are responsible for the other information. The other information comprises the Chairman's statement, Corporate information, Report of the directors, Director's profile, Statement of directors' responsibilities, Report of corporate governance, Statement of corporate responsibility for financial reports, Report of the audit committee, Value added statement and Five-year financial summary, but does not include the financial statements and our auditor's report thereon.

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

PricewaterhouseCoopers Chartered Accountants, Landmark Towers, 5B Water Corporation Road, Victoria Island, Lagos, Nigeria



In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors and those charged with governance for the financial statements

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

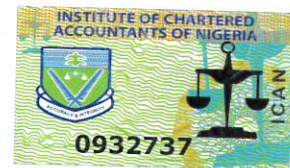
The Companies and Allied Matters Act requires that in carrying out our audit we consider and report to you on the following matters. We confirm that:

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- ii) the company has kept proper books of account, so far as appears from our examination of those books and returns adequate for our audit have been received from branches not visited by us;
- iii) the company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Pedro Omontuemhen

For: **PricewaterhouseCoopers**
Chartered Accountants
Lagos, Nigeria

Engagement Partner: Pedro Omontuemhen
FRC/2013/ICAN/00000000739



6 May 2022

Air Liquide Nigeria PLC

Annual Report and Financial Statements

For the year ended 31 December 2021

Statement of profit or loss and other comprehensive income

		31 December 2021 ₦000	31 December 2020 ₦000
CONTINUING OPERATIONS	Notes		
Revenue	5	1,884,776	1,597,823
Cost of sales	6	<u>(1,479,380)</u>	<u>(1,368,314)</u>
Gross profit		405,396	229,509
Other income	7	794,420	70,553
Operating expenses	8	(369,515)	(684,819)
Administrative expenses	9	(437,537)	(607,064)
Net impairment losses on financial assets	9.1	<u>(10,843)</u>	<u>(2,643)</u>
Operating profit/(loss)		381,921	(994,464)
Finance costs	10	<u>(55,512)</u>	<u>(19,769)</u>
Profit/(loss) before tax		326,409	(1,014,233)
Income tax expense	11	<u>(12,281)</u>	<u>(9,463)</u>
Profit/(loss) after tax		314,128	(1,023,696)
Total comprehensive gain/(loss) for the year		314,128	(1,023,696)
Basic and diluted gain/(loss) per share (₦)	12	<u>0.54</u>	<u>(1.77)</u>

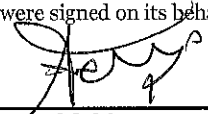
The notes on pages 30 to 79 are an integral part of these financial statements.

Air Liquide Nigeria PLC
Annual Report and Financial Statements
As at 31 December 2021
Statement of financial position

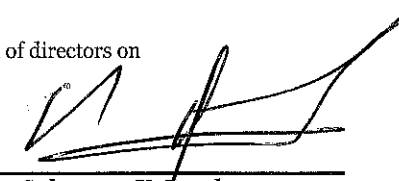
ASSETS	Notes	31 December 2021 N'000	31 December 2020 N'000
Non-current assets			
Property, plant and equipment	13	1,988,909	1,760,234
Right-of-use assets	14	49,736	67,964
Other receivables	18	312,515	281,912
Total non-current assets		2,351,160	2,110,110
Current assets			
Inventories	16	342,613	487,205
Trade and related party receivables	17	348,538	360,940
Other receivables	18	120,153	143,872
Prepayments	18.1	56,973	83,386
Cash and cash equivalents	19	347,675	202,816
Total current assets		1,215,952	1,278,219
Total assets		3,567,112	3,388,329
LIABILITIES			
Non-current liabilities			
Other payables	20.2	272,209	256,412
Lease liabilities	14	20,086	35,463
Total non-current liabilities		292,295	291,875
Current liabilities			
Lease liabilities	14	5,899	34,705
Trade and other payables	20	3,093,282	3,253,680
Contract liabilities	21	42,085	55,805
Interest bearing loans and borrowings	22	386,798	298,187
Employee benefit liabilities	23	61,107	89,488
Current income tax	11	23,522	16,593
Total current liabilities		3,612,693	3,748,458
Total liabilities		3,904,988	4,040,333
EQUITY			
Share capital	24	289,873	289,873
Share premium	24	1,743,246	1,743,246
Accumulated deficit		(2,370,995)	(2,685,123)
Total equity		(337,876)	(652,004)
Total equity and liabilities		3,567,112	3,388,329

The notes on pages 30 to 79 are an integral part of these financial statements.

The financial statements on pages 26 to 81 were approved and authorised for issue by the board of directors on 2022 and were signed on its behalf by:


Mr. Felix S. Afolabi
Chairman
FRC/2016/IODN/00000014110


Mr. Emeghinike Okeoji
Accounts Manager
FRC/2022/PRO/ICAN/001/23369


Mr. Sulemana K. Dauda
Managing Director
FRC/2014/IODN/00000007679

Air Liquide Nigeria PLC
Annual Report and Financial Statements
For the year ended 31 December 2021
Statement of changes in equity

	Attributable to equity holders of the Company			
	Share capital N'000	Share premium N'000	Accumulated deficit N'000	N'000
Balance at 1 January 2020	289,873	1,743,246	(1,661,427)	371,692
Loss for the period	-	-	(1,023,696)	(1,023,696)
Total comprehensive loss for the period	-	-	(1,023,696)	(1,023,696)
Balance at 31 December 2020	289,873	1,743,246	(2,685,123)	(652,004)
At 1 January 2021	289,873	1,743,246	(2,685,123)	(652,004)
Profit for the period	-	-	314,128	314,128
Total comprehensive profit for the period	-	-	314,128	314,128
Balance at 31 December 2021	289,873	1,743,246	(2,370,995)	(337,876)

The notes on pages 30 to 79 are an integral part of these financial statements.

Air Liquide Nigeria PLC
Annual Report and Financial Statements
For the year ended 31 December 2021
Statement of cash flows

	Notes	31 December 2021 N'000	31 December 2020 N'000
Cash flows from operating activities			
Cash generated from/(used in) operations	25	337,396	(562,288)
Income tax paid	11	(5,352)	(9,773)
Employee benefits paid	23	(28,381)	(10,722)
Net cash flow generated from/(used in) operating activities		303,663	(582,783)
Cash flows from investing activities			
Payments for property, plant and equipment	13	(268,706)	(699,525)
Proceeds from sale of property, plant and equipment	13	37,287	-
Proceeds on disposal of scrap items	25	28,537	70,950
Purchase of right-of-use assets	14	-	(5,718)
Net cash outflow from investing activities		(202,882)	(634,293)
Cash flows from financing activities			
Interest paid	22.2	(44,533)	(10,747)
Dividends paid to company's shareholders	20.1	-	(9,209)
Net cash outflow from financing activities		(44,533)	(19,956)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of the year	19	(95,371)	1,141,661
Foreign exchange gains on cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year	19	(39,123)	(95,371)

The notes on pages 30 to 79 are an integral part of these financial statements.

Air Liquide Nigeria PLC

Annual Report and Financial Statements

For the year ended 31 December 2021

Notes to the financial statements

1 General information

These financial statements are the financial statements of Air Liquide Nigeria Plc ("the Company"). Air Liquide Nigeria Plc was incorporated in Nigeria on 25 January, 1960 under the Companies Ordinance (Cap 38) with RC No. 2078 as Port Harcourt Gas Producers Limited, and is domiciled in Nigeria. It changed its name on 29 June, 1966 to Gas Producers Limited. On 20 January, 1992, the name was again changed to Air Liquide Nigeria Plc. The Company is a Public Limited Liability Company but not listed on the Nigerian Stock Exchange. The shares of the Company are fully owned by Nigerian citizens/ Companies (13%) and L'Air Liquide S.A., France (87%). The address of its registered office is

104/106 Ladipo Street
Matori, Mushin
Lagos
Lagos State, Nigeria

The principal activities of the Company are manufacture and sale of industrial gases and related services. It also imports and sells medical and welding equipment and accessories.

2 Significant accounting policies

2.1 Introduction to summary of significant 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, unless otherwise stated.

2.2 Basis of preparation

The financial statements for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as approved by the Financial Reporting Council of Nigeria and in accordance with the provisions of the Companies and Allied Matters Act 2020. Additional information required by National regulations is included where appropriate.

The financial statements comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes to the financial statements.

The financial statements have been prepared in accordance with the going concern principle under the historical cost concept or otherwise where stated. All values are rounded to the nearest thousand, except when otherwise indicated. The financial statements are presented in thousands of Naira.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. 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 therefore present the financial position and results fairly. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Air Liquide Nigeria PLC

Annual Report and Financial Statements

For the year ended 31 December 2021

Notes to the financial statements

2.2.1 Changes in accounting policies and disclosures

i) New standards, amendments, interpretations adopted by the Company.

The Company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2021:

Covid-19-related rent

As a result of the COVID-19 pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. In May 2020, the IASB made an amendment to IFRS 16 Leases which provides lessees with an option to treat qualifying rent concessions in the same way as they would if they were not lease modifications. In many cases, this will result in accounting for the concessions as variable lease payments in the period in which they are granted.

Entities applying the practical expedients must disclose this fact, whether the expedient has been applied to all qualifying rent concessions or, if not, information about the nature of the contracts to which it has been applied, as well as the amount recognised in profit or loss arising from the rent concessions.

* The relief was originally limited to reduction in lease payments that were due on or before 30 June 2021. However, the IASB subsequently extended this date to 30 June 2022.

If a lessee already applied the original practical expedient, it is required to continue to apply it consistently, to all lease contracts with similar characteristics and in similar circumstances, using the subsequent amendment. If a lessee did not apply the original practical expedient to eligible lease concessions, it is prohibited from applying the expedient in the 2021 amendment.

However, if a lessee has not yet established an accounting policy on applying (or not) the practical expedient to eligible lease concessions, it can still decide to do so. The amendment did not have any impact on the amount recognised in the current or prior period.

Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

In August 2020, the IASB made amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 to address the issues that arise during the reform of an interest rate benchmark rate, including the replacement of one benchmark with an alternative one.

The Phase 2 amendments provide the following reliefs:

- When changing the basis for determining contractual cash flows for financial assets and liabilities (including lease liabilities), the reliefs have the effect that the changes, that are necessary as a direct consequence of IBOR reform and which are considered economically equivalent, will not result in an immediate gain or loss in the income statement.
- The hedge accounting reliefs will allow most IAS 39 or IFRS 9 hedge relationships that are directly affected by IBOR reform to continue. However, additional ineffectiveness might need to be recorded.

Affected entities need to disclose information about the nature and extent of risks arising from IBOR reform to which the entity is exposed, how the entity manages those risks, and the entity's progress in completing the transition to alternative benchmark rates and how it is managing that transition. Given the pervasive nature of IBOR-based contracts, the reliefs could affect companies in all industries. The amendment did not have any impact on the amount recognised in the current or prior period.

ii) New standards, amendments, interpretations issued but not yet effective.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

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Classification of liabilities as current or non-current – Amendments to IAS 1 (1 January 2023)

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (eg the receipt of a waiver or a breach of covenant). The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2 (Effective 1 January 2023)

The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.

To support this amendment, the IASB also amended IFRS Practice Statement 2 Making Materiality Judgements to provide guidance on how to apply the concept of materiality to accounting policy disclosures.

Definition of Accounting Estimates – Amendments to IAS 8 (Effective 1 January 2022)

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (Effective 1 January 2023)

The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

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The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments.

Property, plant and equipment: Proceeds before intended use – Amendments to IAS 16 (Effective 1 January 2022)

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is ‘testing whether the asset is functioning properly’ when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity’s ordinary activities.

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

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

Other amendments and standards are not deemed to relate to the transactions of the company.

2.3 Significant accounting policies

(a) Current versus non-current classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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(b) Fair value measurement

The Company measures financial instruments, at amortised cost (using the effective interest rate (EIR) method) at each reporting date. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

(c) Revenue from Contracts with Customers

The Company is in the business of manufacturing and selling industrial gases and related services. It also imports and sells medical and welding equipment and accessories.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 4. The policies impacting generally all revenue contracts are highlighted below;

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Contract combinations and Portfolio expedients

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

Significant financing component

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Non-refundable deposits

Advance payment from customers occurs when the Company performs installation services. Air Liquide Nigeria Plc recognises revenue resulting from advance payment when milestones are reached evidenced by milestones certificate. A contract liability is created with respect to the deposit received.

Refundable deposits

Revenue from the sale of gas is recognised when the cylinder is either delivered to the customer or collected by the customer. Invoices are generated based on the point in time when the gas is delivered. A refundable deposit is collected on the sale of gas in a cylinder and is refundable when the cylinders are returned by the customer. A financial liability is created with respect to refundable deposits received on the sale of gas in cylinders.

The detailed policies of revenue streams are itemised below;

Sales of Goods:

Sale of industrial gases

Revenue from sale of industrial gases is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. The gases are sold in cylinders and delivered to the customers. The normal credit term is 30 to 90 days upon transfer. The gas cylinders are released to customers and a refundable deposit is received as commitment from customers before delivery can be made and customers are refunded upon return of cylinder.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties). The Company does not give any warranties on its procured products.

Sale of medical equipment

Revenue from sale of medical equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment. The medical equipment are sold outrightly to the customers. The normal credit term is 30 to 90 days upon transfer. However, installation services provided on the sale of medical equipment delivered is measured overtime.

Installation services

Revenue from installation of cylinders and equipment for industrial gases is recognised over time with an appropriate measure of progress based on work done.

Air Liquide provides installation services that are either sold separately or bundled together with the sale of medical equipment to a customer. The installation services can be obtained from other providers and do not significantly customise or modify the medical equipment (e.g oxygen regulator, oxygen preguage, nitrogen oxide regulator etc.). The medical equipment are sold outrightly including the cost of installation.

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Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the promises to transfer equipment and provide installation services are capable of being distinct and separately identifiable. Accordingly, the Company allocates the transaction price based on the relative stand-alone selling prices of the equipment and installation services. The stand alone selling price on the installation services is estimated using the expected cost plus a margin approach.

The Company recognises revenue from installation services over time, using output method (milestone reached) to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

(d) Income taxes

i) Current income tax

Income tax expense represents the sum of current tax expense and deferred tax expense.

The current tax is based on taxable profit for the year. Taxation profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible.

Current tax may include under or over provisions relating to prior year taxation. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Current tax relating to items recognised outside profit or loss is recognised outside profit or loss. Current tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

ii) Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax except:

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognised as part of the cost of acquisition of the asset or as a part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

iii) Deferred tax

Deferred tax is calculated on the liability method, using the difference between the carrying amounts of assets and liabilities and their corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are recognised for taxable temporary differences except:

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- where the liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, where it is probable that the asset will be utilised in the foreseeable future except:

- where the asset arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, only to the extent that it is probable that the differences will reverse in the foreseeable future, and taxable profit will be available against which these differences can be utilised.

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. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent it has become probable that future taxable profit will allow the asset to be utilised.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on tax rates/laws that have been enacted or substantively enacted by the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(e) Foreign currency transactions

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in profit or loss is also recognised in profit or loss).

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(f) Property, plant and equipment (Note 13)

i) Recognition and measurement

All property, plant and equipment are stated in the statement of financial position at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset.

ii) Subsequent costs

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 of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

iii) Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets (other than land and capital work-in-progress) less their residual values over their useful lives, using the straight-line method, on the following basis;

ASSET	%
Land	Non-depreciable
Buildings	3-3
Plant and machinery	3-3 - 10
Workshop equipment and Gas cylinders	2.5 - 10
Furniture equipment, Computer equipment and Air conditioners	25 - 50
Motor vehicles	25
Assets in Progress	Nil

The assets-in-progress represents building under construction or machinery yet to be installed. It is stated at cost and not depreciated. Depreciation on assets-in-progress commences when the assets are ready for their intended use. The assets-in-progress is tested and adjusted for impairment where necessary.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

iv) Derecognition

An item of property, plant and equipment is de-recognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The gain or losses on disposal of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item of property, plant and equipment and are recognised net within profit or loss.

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(g) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

(h) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

- the Company has the right to operate the asset; or
- the Company designed the asset in a way that predetermines how and for what purpose it will be used.

This policy is applied to contracts entered into, or changed, on or after 1 January 2019.

The Company primarily leases land and building (used as office space, service centers and residency). The lease terms are typically for fixed periods ranging from 2 years to 50 years but may have extension options as described below. On renewal of a lease, the terms may be renegotiated.

Contracts may contain both lease and non-lease components. The Company has elected to separate lease and non-lease components. The Company allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain different terms and conditions, including extension and termination options. The lease agreements do not impose any covenants, however, leased assets may not be used as security for borrowing purposes.

Up until 31 December 2018, leases of property were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company.

Leases in which the Company is a lessee

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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Lease liabilities

At the commencement date of a lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that are based on an index or a rate
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Company where possible, uses recent third party financing received by the individual lessee as a starting point adjusted to reflect changes in financing conditions since third party financing was received. The Company may also use a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Company and makes adjustments specific to the lease.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable.

Right of use assets

Right-of-use assets are initially measured at cost, comprising of the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life based on the lease contract and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. The measurement basis is cost less accumulated depreciation and impairment losses. The lease term of the right-of-use asset nature below;

Asset	Lease Term
Building	1-3 years
Land	1 - 50 years

Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than NGN2,055,740 (\$5,000) when new, e.g., small IT equipment and small items of office furniture, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets would be recognised as expenses in profit or loss on a straight-line basis over the lease term.

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Extension and termination options

Extension and termination options are included in the Company's lease arrangements. These are used to maximise operational flexibility in terms of managing the assets used in the Company's operations. Most of the extension options are subject to mutual agreement by the lessee and lessor and some of the termination options held are exercisable only by the Company.

(i) Intangible assets

Intangible assets consist of computer software and costs associated with the development of software for internal use.

Computer software is stated at cost, less accumulated amortisation and accumulated impairment losses, if any. Costs that are directly associated with the production of identifiable and unique software products, which are controlled by the Company and which will probably generate economic benefits exceeding costs are recognised as intangible assets. These costs are amortised on the basis of expected useful lives of the software which is 5 years and on a straight line basis. Amortisation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate. Costs associated with maintaining software programs are recognised as expenses when incurred.

The estimated useful life of the intangible asset is:

Computer software – 20%

(j) Financial instruments - initial recognition and subsequent measurement

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. Further disclosures regarding the impairment of financial assets have been provided in Note 3.1.1.

i) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in revenue from contracts with customers above.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Amortised cost measurement is within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

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.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into:

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, staff loans, cash and cash equivalents and related parties receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions Note 4
- Trade receivables and other financial assets Note 17

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised either on a 12-month or lifetime expected credit loss basis. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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For trade receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

For receivables from related parties (non-trade), and staff loans, the Company applies general approach in calculating ECLs. It is the Company's policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 90 days past due.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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 intercompany loans, trade and other payables.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Derecognition

A financial liability is derecognised when the obligation under the liability 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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(k) Inventories

Inventories are stated at the lower of cost and estimated net realizable value. Cost comprise direct materials cost and where applicable, direct labour cost and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realizable value represents the estimated selling price less all estimated costs of completion and cost to be incurred in marketing, selling and distribution.

Spare parts and servicing equipment are usually carried as inventory and recognised in profit or loss as consumed. However, major spare parts and stand-by equipment qualify as property, plant and equipment when the company expects to use them during more than one period. Similarly, if the spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment. Such classified spares are depreciated as property, plant and equipment over the useful life on a straight line basis.

(l) Impairment of non-financial assets

At each reporting date, or more frequently where events or changes in circumstances dictate, tangible and intangible assets, are assessed for indications of impairment. If indications are present, these assets are subject to an impairment review. For the purpose of conducting impairment reviews, cash-generating units are the lowest level at which management monitors the return on investment on assets. The impairment review includes the comparison of the carrying amount of the asset with its recoverable amount. The recoverable amount of the asset is the higher of the assets or the cash-generating unit's fair value less cost of disposal and its value in use (being the present value of the expected future cash flows of the relevant asset or CGUs).

Fair value less cost of disposal is calculated as the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

The carrying values of tangible and intangible assets are written down by the amount of any impairment and this loss is recognised in the profit or loss in the period in which it occurs. In subsequent years, the Company assesses whether indications exist that impairment losses previously recognised for tangible and intangible assets may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is recalculated and, if required, its carrying amount is increased to the revised recoverable amount. The increase is recognised in operating income as an impairment reversal. An impairment reversal is recognised only if it arises from a change in the assumptions that were used to calculate the recoverable amount. The increase in an asset's carrying amount due to an impairment reversal is limited to the depreciated amount that would have been recognised had the original impairment not occurred.

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(m) 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. Net income is therefore adjusted by non-cash items, such as changes from receivables and liabilities. In addition, all income and expenses from cash transactions that are attributable to investing or financing activities are eliminated.

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 are shown within borrowings in current liabilities.

(n) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value.

Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

Bank overdrafts and short term borrowings are repayable on demand and form part of Company's cash management for the purpose of statement of cash flow only.

(o) Employee benefits

i) Post-employment benefit plans

Defined contribution plan

Air Liquide operates a defined contribution plan in line with the Pension Reform Act 2014. The contribution is recognised as employee benefit expenses when they are due. Air Liquide has no further payment obligation once the contribution has been paid. The contribution made towards securing future benefits in the scheme is as follows:

	Management staff	Non-Management staff
Employee	8%	8%
Employer	10%	10%

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For defined contribution scheme, Air Liquide recognises contributions due in respect of the accounting period in the statement of profit or loss and other comprehensive income. Any contributions unpaid at the reporting date are included as a liability.

Gratuity plans

Air Liquide operates a funded defined contribution gratuity scheme for its employees. The level of benefit provided is based on the length of service and total emoluments of the person entitled.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. In a defined contribution plan, the actuarial risk falls 'in substance' on the employee. The Company contributes 10% of the total emoluments (basic, housing and transport allowances). The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The assets of this scheme are held in separate trustee administered funds, which are funded by contributions from the Company. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

ii) Short term employee benefits

Short-term employee benefits, such as salaries, paid absences, and other benefits, are accounted for on an accruals basis over the period which employees have provided services in the year. Bonuses are recognised to the extent that the company has a present obligation to its employees that can be measured reliably. All expenses related to employee benefits are recognised in the statement of profit or loss in staff costs.

(p) Provisions

Provisions are recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised 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 risk and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

(q) Contingent liabilities

Contingent liabilities which include certain guarantees and letters of credit pledged as collateral security, are possible obligations that arise from past events whose existence will be confirmed only by the occurrence, or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or present obligations that have arisen from past events but are not recognised because it is not probable that settlement will require the outflow of economic benefits, or because the amount of the obligations cannot be reliably measured. Contingent liabilities are not recognised in the financial statements but are disclosed unless the probability of settlement is remote.

(r) Share capital

Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity in the period in which they are approved by the Company's shareholders. Dividends declared after the reporting date is dealt with in the subsequent period. A dividend withholding tax is withheld on behalf of the taxation authority on dividend distributions. Withholding tax deducted at source is included as part of trade and other payables at the time a dividend is declared.

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(s) Earnings per share

Basic earnings per share is calculated by dividing net profit after tax applicable to equity holders of the Company, excluding any costs of servicing other equity instruments, by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effective interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Functional currency

The Company's financial statements are presented in naira, which is also the Company's functional currency. Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

The Board of Directors, examines the Company's performance both from a product and geographic perspective and has identified two reportable segments of its business, based on the timing of revenue recognition, of the revenue that the Company generates from its customers consisting of:

- goods transferred at a point in time - These consist of industrial gases and medical and welding equipment, and
- services transferred over time - which relate to installation services, of cylinders and equipment for industrial gases.

(v) Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

(w) Contract Liabilities

A reporting entity should recognize a contract liability if the customer's payment of consideration precedes the reporting entity's performance (e.g., by paying a deposit). A reporting entity should recognize a contract liability if the customer's payment of consideration precedes the reporting entity's performance. A contract liability may be called deferred revenue, unearned revenue, or refund liability.

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3 Financial risk management

3.1 Financial risk factors

This note explains the Company's exposure to financial risks and how these risks could affect the Company's future financial performance. Current year profit and loss information has been included where relevant to add further context.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential effects on its financial performance.

The Company's risk management is predominantly controlled by a central treasury department under policies approved by the board of directors. Company treasury identifies and evaluates financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity. These policies are mostly Air Liquide Global policies adopted for local use.

3.1.1 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL), and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables.

i) Risk management

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted.

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

ii) Security

For some trade receivables the Company may obtain security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

iii) Impairment of financial assets

The Company has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of industrial gases, medical and welding equipment and from the provision of installation services and
- debt investments carried at amortised cost.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

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Trade receivables

The Company applies the IFRS 9 simplified approach in measuring the expected credit losses (ECL) which recognises a lifetime expected loss allowance for all trade receivables. Trade receivables represent the amount of receivables from third-party customers of the Company for the sale of goods/services rendered. The expected credit loss rate for this receivable is determined using a provision matrix approach.

The provision matrix approach is based on the historical credit losses experienced. In computing the expected credit loss, the Company used 60 months historical data and 48 months historical data to determine its loss rates as at 31 December 2021 and 31 December 2020 respectively. The loss rate is the percentage of the receivable that is deemed uncollectible during a particular period. These rates are then adjusted to reflect forward looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2021 and 31 December 2020 was determined as follows for trade receivables:

31 December 2021	Total	0-30 days	31 - 60 days	61 - 90 days	91 - 180 days	181-360 days	Over 360 days
Gross carry amount	245,647,908	142,682,693	24,090,567	1,864,401	14,397,485	58,864,782	3,747,980
Loss rate		4%	12%	28%	100%	100%	100%
ECL	86,156,222	5,835,685	2,815,137	495,153	14,397,485	58,864,782	3,747,980

31 December 2020	Total	0-30 days	31 - 60 days	61 - 90 days	91 - 180 days	181-365 days	Over 365 days
Gross carry amount	392,358,185	199,013,223	20,906,880	4,545,526	90,974,562	53,313,970	23,604,024
Loss rate		1%	3%	6%	15%	66%	100%
ECL	75,313,910	1,840,647	693,933	295,247	13,442,645	35,437,414	23,604,024

An analysis of how the loss allowances for trade receivables as at 31 December reconcile to the opening loss allowances is disclosed in note 17.1.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The loss rates are less favourable in 2021 due to the fact that the forward looking information on macroeconomic factors such as the exchange and inflation rate are worse in the current year as a result of the effect of the pandemic on the economy which is thus expected to affect the ability of the customers to settle the receivables.

Sensitivity of estimates used in IFRS 9 ECL Estimation uncertainty in measuring impairment loss

In establishing sensitivity to ECL estimates for trade receivables, two variables (exchange rate and inflation rate) were considered. The Company's receivables portfolio reflects greater responsiveness to exchange rate and inflation rate.

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The tables below shows information on the sensitivity of the carrying amounts of the Company's financial assets to the methods, assumptions and estimates used in calculating impairment losses on those financial assets at the end of the reporting period. These methods, assumptions and estimates have a significant risk of causing material adjustments to the carrying amounts of the Company's financial assets.

a) Simplified approach:

Expected cash flow recoverable from trade receivables:

The table below demonstrates the sensitivity to a 10% inverse or positive change in the expected cash flows from trade receivables, with all other variables held constant:

	Effect on profit before tax (PBT)
	31-Dec-21
	₦'000
	915
	(915)

(Increase)/decrease in estimated cash flows

+10%

-10%

Deposits with banks and other financial institutions

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Surplus funds are spread amongst reputable commercial banks and funds must be within treasury limits assigned to each of the counterparty. Counterparty treasury limits are reviewed by the Company's Credit Controller periodically and may be updated throughout the year subject to approval of the Board of Directors. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through potential counterparty's failure. The company's maximum exposure to credit risk for the components of the statement of financial position is its carrying amount.

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3.1.2 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity reserve (comprising the undrawn borrowing facilities below) and cash and cash equivalents (note 19) on the basis of expected cash flows. This is generally carried out in accordance with practice and limits set by the Company. These limits take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring statement of financial position liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

i) Financing arrangements

Details of the Company's financing arrangements at the end of the reporting period are disclosed in note 22.

ii) Maturities of financial liabilities

The tables below analyse the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- (a) all non-derivative financial liabilities, and
- (b) net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Contractual maturities of financial liabilities	Due within one year	1 - 2 year(s)	2 - 3 years	3 - 5 years
	₦'000	₦'000	₦'000	₦'000
31 December 2021				
Interest-bearing loans and borrowings	386,798	-	-	-
Lease liabilities	-	18,889	41,713	-
Other payables : non-current	-	-	-	272,209
Other payables : current	13,422	-	-	-
Contract liabilities	42,085	-	-	-
Employee benefit liabilities	61,107	-	-	-
Trade and other payables	3,093,282	-	-	-
	3,596,694	18,889	41,713	272,209
31 December 2020				
Interest-bearing loans and borrowings	298,187	-	-	-
Lease liabilities	40,284	-	60,602	-
Other payables : non-current	-	-	-	256,412
Other payables : current	17,216	-	-	-
Contract liabilities	55,805	-	-	-
Employee benefit liabilities	89,488	-	-	-
Trade and other payables	3,253,680	-	-	-
	3,754,660	-	60,602	256,412

3.1.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rate (exposure arising from future commercial transactions and recognised financial assets and liabilities not denominated in the Nigerian Naira), interest rates (exposure arising from long-term borrowings at variable rates) and security prices (exposure arising from investments in equity securities) will affect the Company's income or the value of its holding of financial instruments.

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(i) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Air Liquide Nigeria PLC is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to its operating activities (i.e. when revenue/ expense and assets/ liabilities are denominated in a different currency from the Nigerian Naira e.g. dollar), the Company's exposure for the reporting period shown is mainly due to related party receivables and payables denominated in foreign currency. The Company manages its foreign exchange risk by converting its transactions denominated in foreign currency to its functional currency on the date of receipt of invoice and records any exchange gain or loss on settlement of the invoice as they arise, without hedging. Air Liquide's foreign currency risk is mainly as a result of exposure to the US Dollar, Euro and GBP.

The Company's exposure to foreign currency risk at the end of the reporting period, expressed in Nigerian Naira, was as follows:

31 December 2021	USD	EURO	GBP
Financial assets			
Cash and cash equivalents	394,722	1,283	-
Trade receivables	2,949	87,871	-
Intercompany receivables	113,291	1,263	-
Financial liabilities			
Trade payables	28,967	131,561	-
Intercompany payables	206,290	2,299,204	597,969
31 December 2020			
	USD	EURO	GBP
Financial assets			
Cash and cash equivalents	182,081	1,283	-
Trade receivables	1,001	65,340	-
Intercompany receivables	197,751	2,533	-
Financial liabilities			
Trade payables	49,253	88,386	(2,484)
Intercompany payables	195,176	1,773,027	362,219

Sensitivity

As shown in the table above, the Company is primarily exposed to changes in EURO/NGN exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from EURO denominated financial instruments.

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date.

The sensitivity of the Company's earnings to fluctuations in exchange rates is reflected by varying the exchange rates at 5% as shown below:

	31 December 2021	31 December 2020
	₦'000	₦'000
Impact on profit or loss - USD		
5% increase in exchange rates	322,147	2,590
5% decrease in exchange rates	(322,147)	(2,590)
Impact on profit or loss - EURO		
5% increase in exchange rates	1,232,516	(38,805)
5% decrease in exchange rates	(1,232,516)	38,805
Impact on profit or loss - GBP		
5% increase in exchange rates	(5,546)	(8,752)
5% decrease in exchange rates	5,546	8,752

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The Company's exposure to other foreign exchange movements is not material.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company has an overdraft facility and it is exposed to cash flow interest rate risk.

The Company's main interest rate risk arises from borrowings with variable rates, which expose the Company to cash flow interest rate risk. During 2021, the Company's borrowings at variable rate were mainly denominated in Nigerian Naira. The Company's borrowings and receivables are carried at amortised cost. An analysis by maturities is provided in note 3.1.2(ii) above.

	Change in profit before interest rate	Effect on tax
		N'000
2021	1.5	47,250
	(1.5)	(47,250)

(iii) Price risk

This is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk). The Company does not hold any financial instruments whose value changes with changes in market prices and is not exposed to price risk.

3.2 Capital management

3.2.1 Risk management

The Company's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the following gearing ratio:

Net debt as shown below divided by Total 'equity' (as shown in the statement of financial position).

The gearing ratios at 31 December 2021 and 31 December 2020 were as follows:

	31 December 2021 N'000	31 December 2020 N'000
Total borrowings (Note 22)	386,798	298,187
Less: Cash and cash equivalents excluding bank overdrafts (Note 19)	(347,675)	(202,816)
Net debt	39,123	95,371
Total equity	(337,876)	(652,004)
Total capital	(298,753)	(556,633)
Gearing ratio	(12%)	(15%)

The Company is in a net liability position which further aggravates the gearing ratio. A gearing ratio lower than 25% is considered low-risk by both investors and lenders.

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3.3 Fair value

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Recurring fair value measurements at 31 December 2021

	Total N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Financial liabilities (Note 22):				
Interest-bearing loans and borrowings:				
Bank overdrafts	386,798	-	386,798	-
Total financial liabilities	386,798	-	386,798	-

There were no transfers between Level 1 and Level 2 during 2021.

Recurring fair value measurements at 31 December 2020

	Total N'000	Level 1 N'000	Level 2 N'000	Level 3 N'000
Financial liabilities (Note 22):				
Interest-bearing loans and borrowings:				
Bank overdrafts	298,187	-	298,187	-
Total financial liabilities	298,187	-	298,187	-

There were no transfers between Level 1 and Level 2 during 2021.

3.4 Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where Air Liquide Nigeria PLC currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

There are no offsetting arrangements. Financial assets and liabilities are settled and disclosed on a gross basis.

4 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. These accounting estimates by definition, will seldom equal the actual results. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. 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 other notes together with information about the basis of calculation for each affected line item in the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Revenue from Contracts with Customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

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Identifying performance obligations in a bundled sale of medical equipment and installation services

The Company has determined that each of its products is a distinct performance obligation as the customer can benefit from the good either on its own or together with other resources that are readily available to the customer; and the Company's promise to transfer the good to the customer is separately identifiable from other promises in the contract.

The Company provides installation services on equipment and this service is sold separately or bundled together with the sale of medical equipment to a customer. The Company recognises revenue from installation services over time, using output method (milestone reached) to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from the sale of the medical equipment are recognised at a point in time, generally upon delivery of the equipment.

Determining the timing of satisfaction of sales of products and services rendered

Sales of medical gases and medical equipment and accessories

The Company concluded that revenue for sales of medical gases and medical equipment is to be recognised at a point in time; when the customer obtains control of the products. The Company assesses when control is transferred using the indicators below:

Sales of related services

The Company concluded that revenue for installation of equipment and other related services is to be recognised over time by measuring progress using output method. The company transfers control of services performed based on milestones reached. The Company assesses when control is transferred using the indicators below:

- The Company has a present right to payment for the product;
- The customer has legal title to the product;
- The customer has the significant risks and rewards of ownership of the product; and
- The customer has accepted the asset.

Estimates and assumptions

Financial instruments

Provision for expected credit losses of trade receivables

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

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 3.1.1.

Measurement of the expected credit loss allowance for financial assets

The measurement of the expected credit loss allowance for financial assets measured at amortised cost (due from related companies) is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL is further detailed in Note 3.1.1.

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A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing Companies of similar financial assets for the purposes of measuring ECL.

Leases

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Company is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Company is typically reasonably certain to extend (or not terminate).
- Otherwise, the Company considers other factors, including historical lease durations and the costs and business disruption required to replace the leased asset.

As at 31 December 2021, the potential future cashflows that was not included in the lease liability because it is not reasonably certain that the leases will be extended amounted to ₦16.1m (net of all taxes).

The lease term is reassessed if an option is actually exercised (or not exercised) or the Company becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and is within the control of the lessee. During the financial year, there were no revised lease terms.

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	31 December 2021 N'000	31 December 2020 N'000
5 Revenue from contracts with customers		
The analysis of revenue by activity which were achieved within Nigeria are as follows:		
Sale of goods:		
Industrial gases	1,724,526	1,399,286
Medical and welding equipment	19,248	35,698
Installation services	141,002	162,839
	<u>1,884,776</u>	<u>1,597,823</u>

5.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Segments	Industrial Gases & Medical Equipment N'000	Industrial Gases & Medical Equipment N'000
	Timing of revenue recognition	
Goods transferred at a point in time	1,743,774	1,434,984
Services transferred over time	141,002	162,839
Total revenue from contracts with customers	<u>1,884,776</u>	<u>1,597,823</u>

5.2 Performance obligations

Information about the Company's performance obligations are summarised below:

Sale of gases and medical equipment
The performance obligation is satisfied upon delivery of the product.

Installation and other related services
The performance obligation is satisfied over-time and payment is generally due upon completion of installation/maintenance and acceptance of the customer.

	31 December 2021 N'000	31 December 2020 N'000
Contract balances		
Trade receivables (Note 17)	434,695	436,254
Contract liabilities (Note 21)	42,085	55,805

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. In 2021, ₦86.2 million was recognised as provision for expected credit losses on trade receivables (2020: ₦75.3 million).

Contract liabilities relate to unapplied advances received from customers.

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	31 December 2021 N'000	31 December 2020 N'000
6 Cost of sales		
Production and direct staff costs (Note 6.4)	215,140	208,070
Raw materials and consumables	51,780	53,450
Non-produced gas	491,251	533,628
Produced gas	336,997	230,503
Electricity	21,299	2,215
Repairs and maintenance	93,770	61,461
Write off of inventories (Note 16)	2,330	1,590
Carriage on sales (Note 6.1)	105,509	83,917
Rent (Note 6.2)	114,073	171,639
Other selling and distribution costs	47,231	21,841
	1,479,380	1,368,314

6.1 Carriage on sales represents the cost of conveying goods from one area to the other and conveyance of goods to customer sites.

6.2 Rental charges are mainly from cylinder and tank rentals charged by Air Liquide Oil & Gas Services and Oilfield Hire Services.

6.3 Other selling and distribution costs represent bonuses, allowances and commissions on sales.

	31 December 2021 N'000	31 December 2020 N'000
6.4 Employee benefits expense		
Included in cost of sales:		
Wages and salaries	162,765	173,292
Pension costs	52,375	34,778
	215,140	208,070
Included in administrative expenses:		
Wages and salaries	133,300	182,393
Pension costs	19,351	21,552
	152,651	203,945
Total employee benefits expense	367,791	412,015

	31 December 2021 N'000	31 December 2020 N'000
7 Other income		
Sundry income (Note 7.1)	37,629	70,553
Gain of disposal of Property, Plant and Equipment	37,288	-
Insurance claims	87,885	-
Technical and license fees writeback (Note 7.2)	631,618	-
	794,420	70,553

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7.1 Sundry income represents profits from disposal of scrap items and refund received from Schneider Electric Nigeria Limited.

7.2 Technical and license fees writeback represents credit notes received from the parent company, L'Air Liquide S.A., France for royalties payable by the Company. ₦18.39 million out of the total writeback of ₦631.62 million relates to the 2021 technical and license fees (2020: ₦35.18 million).

	31 December 2021 ₦'000	31 December 2020 ₦'000
8 Operating expenses		
Depreciation of property, plant and equipment (Note 13)	39,505	42,728
Depreciation of right of use assets (Note 14)	14,823	17,753
Amortization of intangible assets (Note 15)	-	3
Technical and license fees (Note 8.1)	-	34,367
Net exchange loss (Note 8.2)	308,640	333,774
COVID-19 relief expenses	2,926	32,400
Other operating expenses	3,621	223,794
	<u>369,515</u>	<u>684,819</u>

Technical and license fees represents royalty charged by the parent company, L'Air Liquide S.A., France. The rates are 8.1 included in Note 26.

	31 December 2021 ₦'000	31 December 2020 ₦'000
8.2 Net exchange difference		
Exchange loss	739,029	514,108
Exchange gain	(430,389)	(180,334)
	<u>308,640</u>	<u>333,774</u>

Net exchange difference on foreign denominated transactions (trade and intercompany related).

	31 December 2021 ₦'000	31 December 2020 ₦'000
9 Administrative expenses		
Administration staff cost	152,651	203,945
Audit fees	10,000	8,095
Electricity and diesel	20,828	12,807
Insurance cost	28,215	5,667
Maintenance cost	29,978	39,014
Management and administrative costs	104,428	268,611
Professional fees and charges	53,653	50,574
Travel, lodging and accommodation	37,784	18,351
	<u>437,537</u>	<u>607,064</u>

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9.1 Net impairment losses on financial assets (Credit loss expense)

The tables below show the ECL charges on financial instruments for the year recorded in the income statement:

31 December 2021	Stage 1 Collective	Simplified Model	Total
Debt instruments measured at amortised cost - related party receivables	-	-	-
Debt instruments measured at amortised cost - trade receivables	-	10,843	10,843
	-	10,843	10,843

31 December 2020	Stage 1 Collective	Simplified Model	Total
Debt instruments measured at amortised cost - related party receivables	-	-	-
Debt instruments measured at amortised cost - trade receivables	-	2,643	2,643
	-	2,643	2,643

	31 December 2021	31 December 2020
	₦'000	₦'000
	44,533	10,747
	10,979	9,022
	55,512	19,769
	₦'000	₦'000

10 Finance costs

Interest expense (Note 22.2)	44,533	10,747
Interest expense on lease liabilities	10,979	9,022
	55,512	19,769
	₦'000	₦'000

11 Company income and deferred tax A

Current income tax

Education tax	2,771	-
Police trust fund levy	16	-
Capital gains tax	70	5,292
Minimum tax	9,424	4,171
Total charge to profit or loss	12,281	9,463

The Company recorded an assessable loss and taxable losses during the year hence, current education tax and income tax are nil.

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B Reconciliation of effective tax to statutory tax

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	31 December 2021 N'000	31 December 2020 N'000
Profit/(loss) before tax	326,409	(1,014,233)
Tax calculated at statutory tax rate of 30%	97,923	(304,270)
Minimum tax adjustment	9,424	4,171
Unrecognized deferred tax assets	-	252,800
Effect of permanent differences	(97,923)	51,470
Education Tax	2,771	-
Police trust fund levy	16	-
Capital gains tax	70	5,292
At the effective income tax rate of (3.8)% (2020: (1)%).	12,281	9,463

C Current income tax liability

	31 December 2021 N'000	31 December 2020 N'000
Balance at 1 January	16,593	16,903
Charge for the year:		
Education tax	2,771	-
Capital gains tax	70	5,292
Minimum tax	9,424	4,171
Police trust fund levy	16	-
Payment during the year	(5,352)	(9,773)
At 31 December	23,522	16,593

D Deferred income tax

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The net Deferred tax assets of ₦713.05 million (2020: ₦721.14 million) for the Company have not been recognised as at 31 December 2021 because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

	31 December 2021 N'000	31 December 2020 N'000
Deferred tax liabilities	(7,720)	(55,000)
Deferred tax assets	720,771	776,137
Net deferred tax assets	713,051	721,137

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Reconciliation of deferred tax assets

	31 December 2021 N'000	31 December 2020 N'000
At the beginning of the year	721,137	465,752
Property, plant and equipment	14,018	18,128
Unrealised exchange difference	(73,770)	(119,649)
Tax loss	(34,441)	225,901
Provisions	93,121	125,889
Leases	(7,014)	5,116
At the end of the year	713,051	721,137

12 Earnings/(loss) per share

Basic earnings/(loss) per share EPS is calculated by dividing the net (profit) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

The following reflects the earnings/(loss) and share data used in the basic earnings/(loss) per share computations:

	31 December 2021 N'000	31 December 2020 N'000
Profit/(loss) attributable to ordinary equity holders of the Company	314,128	(1,023,696)
Weighted average number of ordinary shares in issue ('000)	579,746	579,746
Basic and diluted gain/ (loss) per share (₦)	0.54	(1.77)

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13 Property, plant and equipment										
	Land	Buildings	Plant and machinery	Workshop equipment and gas cylinders	Furniture and computer equipment	Motor vehicles	*Assets in progress	Total		
	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cost:										
As at 1 January 2020	1,641	120,034	330,313	569,067	93,478	158,820	685,343	1,958,696		
Additions	-	9,698	173,494	15,793	1,442	-	499,098	699,525		
As at 31 December 2020	1,641	129,732	503,807	584,860	94,920	158,820	1,184,441	2,658,221		
As at 1 January 2021	1,641	129,732	503,807	584,860	94,920	158,820	1,184,441	2,658,221		
Additions	-	1,052	64,215	2,726	-	3,304	197,409	268,706		
Disposals	-	-	(19,697)	-	(3,082)	(14,508)	-	(37,287)		
As at 31 December 2021	1,641	130,784	548,325	587,586	91,838	147,616	1,381,850	2,889,640		
Accumulated depreciation										
As at 1 January 2020	-	66,745	190,144	357,255	86,930	154,186	-	855,260		
Charge for the year	-	4,055	16,597	15,616	4,350	2,109	-	42,727		
As at 31 December 2020	-	70,800	206,741	372,871	91,280	156,295	-	897,987		
As at 1 January 2021	-	70,800	206,741	372,871	91,280	156,295	-	897,987		
Change for the year	-	2,459	22,565	9,775	1,737	2,969	-	39,505		
Disposal	-	-	(19,205)	-	(3,048)	(14,508)	-	(36,761)		
As at 31 December 2021	-	73,259	210,101	382,646	89,969	144,756	-	900,731		
Net book value										
At 31 December 2020	1,641	58,932	297,066	211,989	3,640	2,525	1,184,441	1,760,234		
At 31 December 2021	1,641	57,525	338,224	204,940	1,869	2,860	1,381,850	1,988,909		

*Assets in progress comprise mainly of buildings and plant and machinery still under construction and not yet available for use.

There are no restrictions on title to the items of property, plant and equipment. The Company has not pledged any item of property, plant and equipment as security for liabilities in the year ended 31 December 2021 (2020:Nil).

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14 Right-of-use assets

This note provides information for leases where the Company is a lessee.

i Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	31 December 2021 ₦'000	31 December 2020 ₦'000
Right of use assets - Land	45,071	51,445
Right of use assets - Building	4,665	16,519
	<u>49,736</u>	<u>67,964</u>

	₦'000	₦'000
At 1 January	67,964	61,400
Adjustment on remeasurement	-	18,996
Additions	-	5,718
Depreciation expense	(14,823)	(17,753)
Termination/derecognition of right of use	(3,405)	(397)
At 31 December	<u>49,736</u>	<u>67,964</u>

Lease liabilities	₦'000	₦'000
Current	(5,899)	(34,705)
Non current	(20,086)	(35,463)
	<u>(25,985)</u>	<u>(70,168)</u>

ii Lease liabilities

	₦'000	₦'000
At 1 January	(70,168)	(41,996)
Reassessment of lease liability	-	(18,996)
Lease liability termination	8,837	-
Additions	-	(5,051)
Interest expense	(10,979)	(9,022)
Payments made during the period	46,325	4,897
At 31 December	<u>(25,985)</u>	<u>(70,168)</u>

The total cashflow for all leases for 2021 was ₦46.33M (2020:₦4.89M). The fair values approximate their carrying values.

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	31 December 2021 N'000	31 December 2020 N'000		
Other expenses during the period				
Short term lease	2,494	13,408		
Non-lease component that was expensed during the period	-	2,650		
	2,494	16,058		
iii Amounts recognised in the statement of profit or loss	N'000	N'000		
Depreciation charge on right of use assets				
Right of use assets - Land	14,823	6,155		
Right of use assets - Building	-	11,598		
	14,823	17,753		
Interest expense (included in finance cost)	10,979	9,022		
iv Liquidity risk (maturity analysis of lease liabilities)				
	0-3 months N'000	4-12 months N'000	1-2 years N'000	Above 2 years N'000
Lease liability	-	-	18,889	41,713

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	Computer Software N'000
15 Intangible assets	
Cost:	
As at 1 January 2020	24,182
Additions	-
As at 31 December 2020	24,182
Additions	-
As at 31 December 2021	24,182
Amortisation:	
As at 1 January 2020	24,179
Amortisation charge	3
As at 31 December 2020	24,182
Amortisation charge	-
As at 31 December 2021	24,182
Carrying value	
As at 31 December 2020	-
As at 31 December 2021	-

	31 December 2021 N'000	31 December 2020 N'000
16 Inventories		
Welding and medical equipment	116,862	126,028
Raw and packaging materials	54,664	64,499
Spare parts	41,196	49,234
Gases	129,851	187,030
Goods-in-transit*	33,349	91,394
	375,922	518,185
Inventory provision	(33,309)	(30,980)
	342,613	487,205

*Goods in transit represents inventory which has been shipped by the supplier but yet to be received by the Company as at year end.

Amount of inventory written off during the period 2,330 1,590

Included in profit or loss are write-down of spares and other inventories items. The write downs are due to obsolescence and damages. The amounts above have been included in Note 6.

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	31 December 2021 N'000	31 December 2020 N'000
17 Trade and related party receivables		
Trade receivables	392,571	400,342
Receivables from related parties (Note 26a)	42,124	35,912
	<u>434,695</u>	<u>436,254</u>
Allowance for expected credit losses (Note 17.1)	(86,157)	(75,314)
	<u>348,538</u>	<u>360,940</u>

17.1 Allowance for expected credit losses

An analysis of changes in the aggregate ECL allowances (trade receivables and receivables from related parties) is, as follows:

	N'000	N'000
At 1 January	75,314	72,671
Provision reversed	(75,314)	(72,671)
Impairment of financial assets (IFRS 9)	86,157	75,314
	<u>86,157</u>	<u>75,314</u>
At 31 December	<u>86,157</u>	<u>75,314</u>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days. For terms and conditions relating to related party receivables, refer to Note 26.

Grading system for trade and intercompany receivables, and recognition of their gross carrying amount and expected credit losses are included under credit risk Note 3.1.1.

18 Other receivables

	31 December 2021 N'000	31 December 2020 N'000
Total other assets as at end of the year	<u>432,668</u>	<u>425,784</u>
Maturity:		
Current (due within 12 months from the reporting date)		
Withholding tax recoverable	111,551	130,415
Employee loans and advances	8,602	13,457
	<u>120,153</u>	<u>143,872</u>
Non-current (due after 12 months from the reporting date)		
Withholding tax recoverable	312,515	281,912

18.1 Prepayments

	31 December 2021 N'000	31 December 2020 N'000
Prepaid expenses	<u>56,973</u>	<u>83,386</u>

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18.2 Withholding tax recoverable

This relates to withholding tax deducted by customers of Air Liquide Nigeria Plc, which is recoverable for income tax purposes. The recoverable tax credit in one year can be used to offset or reduce the tax expenses of the Company.

Movement schedule of withholding taxes

	31 December 2021	31 December 2020
	₦'000	₦'000
At 1 January	412,327	581,885
Additions	11,739	40,670
Amounts utilized to offset tax liabilities	-	-
Amounts impaired	-	(210,228)
At 31 December	424,066	412,327

18.3 Other receivables represents mainly employee loans and advances.

Advances are amounts provided to staff that are required to be retired by the staff. The staff loans represent interest free loans given to members of staff of Air Liquide Nigeria Plc. The loans repayments are usually monthly or quarterly; depending on the agreement with individual members of staff. The loans are carried at amortised cost using the effective interest method and are tested for impairment for uncollectibility. Expected loss calculations on staff loans are rounded off to zero.

This is stated at the fair value of interest free loans given to staff of Air Liquide Nigeria Plc. These are amortised annually and recognised in profit or loss as interest income. They are also disclosed as part of the employee benefit for the period.

The terms are:

- The fair value (i.e present value of the future cash flow) of the loan was determined using the market interest rate or the Central prime lending rate.
- A monthly deduction is made from payroll over the tenor of the loan.
- Terms of repayment are agreed with any staff that is existing in the business but have outstanding loan receivables.

19 Cash and cash equivalents

	31 December 2021	31 December 2020
	₦'000	₦'000
Cash in hand	274	5,035
Cash at banks	347,401	197,781
Cash in hand and at bank	347,675	202,816

The Company has not pledged its bank balance as collateral in respect of any financing arrangement.

For the purpose of statement of cash flows, cash and cash equivalents comprise:

	31 December 2021	31 December 2020
	₦'000	₦'000
Cash and bank balances	347,675	202,816
Less: bank overdrafts (Note 22.1)	(386,798)	(298,187)
	(39,123)	(95,371)

For the purpose of the statement of cash flows, cash and cash equivalents include bank overdrafts. Air Liquide Nigeria Plc had overdraft facility up to a limit of ₦300 million as at 31 December 2021 (2020: ₦300 million). The facilities are unsecured and do not attract any cost if not utilised.

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	31 December 2021 N'000	31 December 2020 N'000
20 Trade and other payables		
Trade payables	480,951	271,779
Due to related parties (Note 26b)	2,405,385	2,745,371
Dividend (Note 20.1)	75,718	75,718
Other payables (Note 20.2) - current	100,289	111,948
Other accruals	30,939	48,864
	3,093,282	3,253,680

All trade payables are due within twelve (12) months.

20.1 Dividend payable	N'000	N'000
At 1 January	75,718	84,927
Dividends paid	-	(9,209)
At 31 December	75,718	75,718

20.2 Other payables	N'000	N'000
National Social Insurance Trust Fund	6,584	8,676
Refundable deposit for cylinders - current	13,422	17,216
Withholding tax payable	55,377	44,306
*Others	24,906	41,750
	100,289	111,948
Refundable deposits for cylinders - non-current	272,209	256,412
	372,498	368,360

*Others relate to withholding tax payable, Industrial Training Fund, National Housing Fund, Social Security Contribution, Union Dues and Value Added Tax Payable.

**Refundable deposit for cylinders

Current	13,422	17,216
Non-current	272,209	256,412
	285,631	273,628

Terms and conditions of the above financial liabilities:

Trade payables are non-interest bearing and are normally settled on 60-day terms.

For terms and conditions with related parties, refer to Note 26.

Other payables are non-interest bearing and have an average term of one year.

For explanations on the Company's credit risk management processes, refer to Note 3.1.1.

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** This represents deposits collected on cylinders from customers on the sale of gas. This is refundable when the cylinders are returned by the customer. A financial liability is created with respect to refundable deposits received on the sale of gas in cylinders. The fair values approximate their carrying values.

	31 December 2021 N'000	31 December 2020 N'000
21 Contract liabilities		
Deposit by customers	42,085	55,805
Contract liabilities consists of advance payments from customers.		
22 Interest bearing loans and borrowings	N'000	N'000
Bank overdrafts (Note 22.1)	386,798	298,187
	N'000	N'000
22.1 Current interest bearing loans and borrowings		
Bank overdrafts on demand	386,798	298,187
	N'000	N'000
22.2 Interest bearing loans and borrowings movement		
At 1 January	10,747	-
Interest expense*	44,533	10,747
At 31 December	55,280	10,747

*Interest expense relates to the interest on overdrafts

Bank overdraft

Details of bank overdraft are:

The overdraft facility and bank guarantees are usually 30 days or more adding up to a limit of ₦300 million as at 31 December 2021 (2020: ₦300 million) at 15% interest rate. The facilities are unsecured by a free and floating charge over the Company's assets and do not attract any cost if they are not utilised. The bank overdraft facilities are subject to annual renewal.

23 Employee benefit liabilities

Below are the details of movements and amounts recognised in the financial statements:

	N'000	N'000
Liability recognised in the financial position	61,107	89,488

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The movement in the employee benefit liabilities over the years is as follows:

	31 December 2021 N'000	31 December 2020 N'000
At 1 January	89,488	100,210
Benefits paid	(28,381)	(10,722)
As at 31 December	<u>61,107</u>	<u>89,488</u>
Employee benefit liabilities - defined contribution plan	<u>61,107</u>	<u>89,488</u>

Effective from 1 October 2018, the defined benefit obligation was cancelled by the management and the amount payable to individual employee was communicated and agreed with the employee. Consequently, the liability was moved to short - term payable.

The remaining portion of the defined benefit obligation which was transferred to current liability is warehoused in separate trustee administered funds, with FBN Quest Asset Management, the fund administrator.

The benefit payable for each year of service, provided three (3) years of service have been completed is based on the length of service and total emoluments of the person entitled. The Company contributed 10% of the total emoluments (basic, housing and transport allowances).

24 Ordinary share capital and share premium

Issued and authorised share capital

	N'000	N'000
Authorised:		
1,200,000,000 ordinary shares of ₦0.50	600,000	600,000
each Issued and fully paid:		
579,746,461 ordinary shares of ₦0.50 each	289,873	289,873
Issued and fully allotted:		
Share premium	1,743,246	1,743,246

Movement in ordinary shares:

	Number of shares (N'000)	Par value (N'000)	Share premium (N'000)	Total (N'000)
At 1 January 2020	579,746	289,873	1,743,246	2,033,119
Movement during the year	-	-	-	-
At 31 December 2020	579,746	289,873	1,743,246	2,033,119
Movement during the year	-	-	-	-
At 31 December 2021	<u>579,746</u>	<u>289,873</u>	<u>1,743,246</u>	<u>2,033,119</u>

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25 Cash generated from operating activities	31 December 2021 N'000	31 December 2020 N'000
Profit/ (loss) before tax	326,409	(1,014,233)
Adjustment for:		
Depreciation of property, plant and equipment (Note 13)	39,505	42,727
Right-of-use assets (Note 14)	14,823	17,753
Amortisation of intangible assets (Note 15)	-	3
Termination/derecognition of right of use (Note 14)	3,405	-
Net foreign exchange difference (Note 8.2)	(308,640)	(333,774)
Assets written off (Note 13)	(36,761)	-
Profit on disposal (Note 7)	(28,537)	(70,553)
Writedown of inventories	-	-
Impairment allowance for trade receivables (Note 9.1)	10,843	2,643
Interest expense (Note 10)	44,533	10,747
	65,580	(1,344,687)
Changes in working capital:		
-Decrease/(increase) in inventories	144,592	(63,684)
-Decrease in trade and other receivables	1,559	42,145
-(Increase)/decrease in other receivables	(6,884)	168,558
-Decrease/(increase) in prepayments	26,413	(74,801)
-Increase in trade and other payables	164,039	687,320
-(Decrease)/increase in contract liabilities	(13,720)	13,685
-(Decrease)/increase in lease liabilities	(44,183)	9,176
Cash generated/(used in) operations	337,396	(562,288)
In the statement of cash flows, profit on sale of property, plant and equipment (PPE) comprise:		
	N'000	N'000
Proceeds on disposal of scrap items	28,537	16,950
Net proceeds on disposal of leased assets	49,785	54,000
Net book value of right-of-use assets disposed (Note 14)	(3,405)	(397)
Profit on disposal of assets (Note 7)	74,917	70,553

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26 Related parties

Information about related parties

Air Liquide Nigeria Plc is incorporated in Nigeria. Ownership of the Company's shares is distributed widely amongst shareholders. Air Liquide Nigeria Plc is controlled by L'Air Liquide S.A. incorporated in France which is the ultimate parent and Ultimate holding company of Air Liquide Nigeria Plc. There are other companies that are related to Air Liquide Nigeria Plc through common shareholding or common directorships. Transactions were entered into with related parties in the normal course of business.

The following transactions were carried out with related parties:

Trade mark, trade name and technology license agreements

- (i) The Company has entered into a Technology Licence and Assistance Agreement and a Trademarks and Trade-name Licence Agreement with L'Air Liquide S.A., France, its holding company. Under the technical assistance agreement, L'Air Liquide S.A., France shall offer technical assistance to Air Liquide Nigeria PLC.

Under the technology licence agreement, the Company is permitted to use the technology of L'Air Liquide S.A., France in Nigeria whereas under the trademarks licence agreement, the Company is permitted to use any and, all trademarks owned by L'Air Liquide S.A., France. The 2 agreements took effect from 31 December 1997.

In consideration for this, ₦18.39 million amount was recognized for the current year royalty and technical service fees (2020: ₦35.18 million).

A number of transactions were entered into with related parties in the normal course of business. These are disclosed below:

a	Due from related parties	Nature of relationship	31 December	31 December
			2021	2020
			₦'000	₦'000
	Air Liquide Benin Republic	Fellow subsidiary	24,197	18,739
	Air Liquide Sivoa	Fellow subsidiary	-	12,142
	Air Liquide Oil and Gas Limited	Fellow subsidiary	800	-
	Air Liquide Togo	Fellow subsidiary	1,235	1,246
	Air Liquide Senegal	Fellow subsidiary	412	383
	Air Liquide Ghana Limited	Fellow subsidiary	11,630	3,402
	Air Liquide Congo Limited	Fellow subsidiary	3,850	-
			42,124	35,912

There was no write-off of balances due from related parties during the year under review (2020: Nil).

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b Due to related parties	Nature of relationship	31 December 2021	31 December 2020
		₦'000	₦'000
L'Air Liquide Services Centraux	Parent company	63,951	648,110
Air Liquide Gabon (Gaboa)	Fellow subsidiary	1,023	1,023
Airgas	Fellow subsidiary	39,301	3,587
Air Liquide Ghana Ltd	Fellow subsidiary	74,078	49,903
Air Liquide Cote D'Ivoire	Fellow subsidiary	830,123	849,543
Air Liquide Africa Services	Fellow subsidiary	-	27,410
Air Liquide Southern Africa	Fellow subsidiary	34,145	32,539
Air Liquide Senegal	Fellow subsidiary	21,385	21,572
Air Liquide Global E&C Solutions India Private Limited	Fellow subsidiary	2,622	193
Air Liquide Benin	Fellow subsidiary	22,818	14,711
Air Liquide Cameroun	Fellow subsidiary	29,666	15,076
Air Liquide Welding Italia S.P.A	Fellow subsidiary	1	1
Air Liquide Mali	Fellow subsidiary	1,467	1,479
Air Liquide Oil & Gas Services Logistics	Fellow subsidiary	812,514	554,463
Air Liquide Specna	Fellow subsidiary	-	130,292
Air Liquide Oil & Gas Services	Fellow subsidiary	295,230	334,195
Air Liquide Gulf	Fellow subsidiary	37,946	35,346
Air Liquide Burkina Faso	Fellow subsidiary	11,496	10,788
Air Liquide Global E&C Solutions France S.A	Fellow subsidiary	204	75
Air Liquide France Industrie - Gesp	Fellow subsidiary	2,367	1,689
Air Liquide Togo	Fellow subsidiary	21,063	5,293
Air Liquide E&C Johannesburg	Fellow subsidiary	7,977	8,083
Air Liquide France Industrie - GESP	Fellow subsidiary	2,637	-
Air Liquide Africa Services (PTY) Ltd	Fellow subsidiary	72,037	-
Air Liquide Congo	Fellow subsidiary	5,952	-
Oilfield Hire and Services Limited	Fellow subsidiary	6,777	-
AL European Platforms and Services	Fellow subsidiary	1,933	-
Air Liquide Medical Systems (TAEMA)	Fellow subsidiary	1,266	-
Air Liquide Dept Siege	Fellow subsidiary	5,406	-
		2,405,385	2,745,371
c Transactions with related parties			
	Nature of transaction	31 December 2021	31 December 2020
		₦'000	₦'000
Air Liquide Benin	Sales of gases	2,649	2,002
Air Liquide Botswana	Personnel services	-	18,756
Air Liquide Burkina Faso	Purchase of gas	-	6,918
Air Liquide Cameroun	Personnel services	14,591	3,960
Air Liquide Cote D'Ivoire	Purchase of gas	(19,420)	16,029
Air Liquide E&C Johannesburg	Purchase of gas	(106)	9,150
Air Liquide Engineering & Construction	Personnel services	-	5,411
Air Liquide France Industrie - Gesp	Personnel services	678	1,447
Air Liquide Gabon (Gaboa)	Personnel services	-	1,023
Air Liquide Ghana Limited	Purchase of asset	15,947	35,124
Air Liquide Global E&C Solutions France S.A	Personnel services	128	5,989
Air Liquide Global E&C Solutions India Private Limited	Personnel services	2,429	174
Air Liquide Medical Systems (Taema)	Personnel services	1,266	1,489
Air Liquide Oil & Gas Services	Purchase of gas & tank rentals	(38,965)	209,139
Air Liquide Specna	Purchase of gas	(130,292)	65,689
Air Liquide Togo	Personnel services	15,780	2,205

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Transactions with related parties	Nature of transaction	31 December	31 December
		2021	2020
		N'000	N'000
Airgas	Purchase of gas	35,714	1,753
L'Air Liquide Services Centraux	Royalties and re-charge of service costs	(584,158)	69,142
Air Liquide Gulf	Personnel services	2,600	-
Air Liquide Mali	Personnel services	(13)	-
Air Liquide Southern Africa	Personnel services	1,606	-

Transactions with other related parties are basically supply of welding and medical items, specialty gases, rental and other services.

Terms and conditions of transactions with related parties

Outstanding balances at the year-end are unsecured and settlement occurs in cash.

c) Key management compensation

Key management personnel of the Company are the directors. The compensation paid or payable to key management for employee services is shown below:

	31 December	31 December
	2021	2020
	N'000	N'000
Short term benefits		
Directors' fees and sitting allowance	1,250	550
Other emoluments	59,744	36,184
Aggregate emoluments	60,994	36,734

There was no other compensation paid during the period. Fees and other emoluments disclosed above include amounts paid to:

	31 December	31 December
	2021	2020
	N'000	N'000
The emoluments of the chairman	2,500	250
The emoluments of the highest paid Executive Director (M.D)	36,954	36,184
Other directors	6,000	2,000

The number of directors of the Company (including the highest paid Director) whose remuneration, excluding pension contributions in respect of services to the Company fell within the following ranges:

	Number	Number
Less than 150,000	4	5
150,001-250,000	-	1
Above 250,000	3	1
	7	7

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27 Directors and employees

a The average number of persons (excluding Directors) employed by the Company during

	Number	Number
Managerial and senior staff	36	36
Junior staff	13	12
	49	48

b The table below shows the number of employees (excluding Directors), who earned over ₦2,000,000 as emoluments in the year and were within the bands stated.

	N'000	N'000
<2,000,000	8	24
2,000,001 - 3,000,000	19	9
3,000,001 - 4,000,000	6	4
4,000,001 - 5,000,000	5	1
5,000,001 - 6,000,000	1	2
> 6,000,000	10	8
	49	48

28 Staff costs for the above persons (excluding Directors):

	31 December 2021 N'000	31 December 2020 N'000
Salaries and wages	296,065	355,685
Post - employment benefits	71,726	56,330
	367,791	412,015

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29 Contingent liabilities

Below is the contingent liabilities of the Company as at the statement of financial position date

Parties	Subject matter	Amount
Mr Augustine Irabor vs Air Liquide (Nig) Plc. Air Liquide (Ghana) Ltd.	<p>The claimant in this suit was a former area manager of Air Liquide Nigeria Plc. On 20th of June, 1999 he was expatriated to G.I.S Air Liquide France by Air Liquide S.A. France whereof his employment with Air Liquide Nig. Plc ceased.</p> <p>On 13th of January, 2001, the claimant accepted further expatriation to Air Liquide Ghana Ltd where he functioned as an Executive Director.</p> <p>However, by a letter of termination of employment dated 12th December, 2006, he was relieved of his employment by Air Liquide Ghana with his terminal benefit calculated and paid vide Euro Cheque for the sum of €35,176.75 which was duly acknowledged by him and signed for.</p> <p>He thereafter filed an action before the Industrial Tribunal of Paris in 2007 against Air Liquide International which transferred him to the services of Air Liquide Ghana Ltd and Air Liquide Ghana.</p> <p>He lost his case in France and came to Nigeria and instituted the suit making Air Liquide Nigeria Plc a party to the suit on the ground that his last employer, Air Liquide Ghana Ltd acted for and on behalf of Air Liquide Nigeria Plc when it terminated his employment on the 12th of December 2006.</p> <p>The final judgement was delivered on 2nd January 2022 in favour of Mr Augustine Irabor whereat he was ordered to be paid €150,020 within 30 days failing which the judgement sum would attract 2% simple interest until liquidation. Additionally, the court also awarded the sum of N2million as costs in favour of the claimant to be paid by the Defendants jointly within 30 days from the date of judgement.</p> <p>The defendants have elected to exercise their constitutional right to appeal by the notice of appeal dated 3rd February 2022.</p>	<p>€150,020</p> <p>₦2,000,000</p>

30 Commitments

The Company had no capital commitments as at 31 December 2021 (2020: Nil).

31 Events after reporting period

There are no post balance sheet events which could have had material effect on the financial position of the Company as at 31 December 2021.

32 Compliance with regulatory bodies

The Company has been compliant with the rules of the relevant authorities (securities and exchange commission) in the filing and submission of its financial statements.

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33 Going concern

The Company recorded a total comprehensive gain of ₦314.13 million for the year ended 31 December 2021 (2020: Loss ₦1.02 billion) and as at that date, the Company's total liabilities exceeded its total assets by ₦0.337 billion (2020: ₦0.652 billion).

The recurring losses incurred by the Company were as a result of a technical problem at the Port Harcourt plant caused by an industrial accident in April 2018 which led to an eventual shutdown of the plant in January 2019. As a consequence, the key products of Oxygen and Nitrogen were sourced through a combination of imports and local purchases generally at higher cost which adversely impacted margins. This also meant a good number of missed sales as supplies could not keep pace with demand.

After 3 years impacted by an industrial accident in April 2018 which led to an eventual shutdown of the plant, the company has returned in 2021 to a positive net result. This has been possible because of the review of the pricing of the company, the limitation of the exposure with its customers, the cost control measures implemented and the support of the head office who have waived some liabilities.

The ambition of the company for 2022 is to continue to improve its profitability using the benefit of the starting of its new production unit. The installation of the new plant at Port-Harcourt started in 2019 and the company faced multiple issues to commission the plant.

However, at the end of 2021, the company reached the testing phase of the project and expects a full operation in the 2nd quarter of 2022. This will limit the sourcing of the key products (Oxygen and Nitrogen) from third parties with higher costs and will increase the competitiveness of the company.

Despite the fact that the total asset position as at 31 December 2021 is less than the total liability by ₦337.87 million, management has assessed that the company shall remain a going concern for the foreseeable future and certainly for the next 12 months. The largest obligations on the Company's balance sheet are amounts due to related parties which constitutes about 66.58% of current liabilities and even though these amounts are classified as repayable on demand, the related parties will most likely not make a demand on payment within the next 12 months, mainly due to approvals that are required to be received from the regulatory authorities before any payments can be made, the approval process usually takes time.

As a result of the above, the directors have prepared the financial statements on the basis of accounting policies applicable to a going concern. This is premised on the deployment of a well thought out strategy to restore profitability and improve cash flows.

34 Compliance with Financial Reporting Council of Nigeria (FRCN) Rule 2b and Rule 3 (paragraph 4)

- a) Details of professionals that provided assurance services to Air Liquide Nigeria Plc during the year: No such services were rendered during the year.
- b) No non-audit services were provided to Air Liquide Nigeria Plc by PricewaterhouseCoopers during the year.

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35 Climate change assessment

Over the years, Air Liquide Group and its subsidiaries including Air Liquide Nigeria Plc has been committed to sustainable growth aimed, in particular, at limiting its CO₂ emissions and those of its customers. On November 30, 2018, Air Liquide Group announced its climate objectives, in particular a 30% reduction in its carbon intensity between 2015 and 2025, with a global approach that includes its assets, its customers, and ecosystems. These objectives are the most ambitious in the sector and are in line with the company's program.

To reach this ambition, in March 2021, Air Liquide committed to reach carbon neutrality by 2050, with two intermediary steps: starting to reduce its absolute CO₂ emissions around 2025, then reaching a 33% decrease of its Scope 1 and Scope 2 emissions by 2035 compared to 2020 . Moreover, the Group also maintained its existing objective to reduce by 30% its carbon intensity by 2025 compared to 2015. A new strategy plan named "Advance", for the management of greenhouse gas emissions was defined and implemented this year. This newly formed organization, along with the decisions taken and the actions performed by the Group secure the objective of emissions inflection in absolute value around 2025 and the decrease by 30% of carbon intensity.

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Value added statement

	31 December 2021		31 December 2020	
	₦'000	%	₦'000	%
Revenue	1,884,776	238%	1,597,823	(296%)
Bought in materials and services:				
Local	(955,256)	(120%)	(1,791,728)	332%
Imported	(933,420)	(118%)	(415,926)	77%
Other income	(3,900)		(609,831)	
	794,420	100%	70,553	(13%)
Value added/ (eroded)	790,520	100%	(539,278)	100%
Applied as follows:				
To pay employees				
Wages, salaries and other benefits	367,792	45%	412,015	(76%)
To pay providers of capital:				
Finance cost	44,533	6%	10,747	(2%)
To pay government:				
Tax expense	12,281	2%	9,463	(2%)
To provide for enhancement of assets and growth:				
Depreciation of plant, property and equipment	39,505	5%	42,727	(8%)
Amortisation of intangible assets	-	0%	3	0%
Deferred taxation	12,281	2%	9,463	(2%)
Retained profit/(loss) for the year	314,128	40%	(1,023,696)	190%
Value added/ (eroded)	790,520	100%	(539,278)	100%

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Five-year financial summary

	2021	2020	2019	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000
Financial position					
Capital employed:					
Ordinary share capital	289,873	289,873	90,000	90,000	90,000
Share premium	1,743,246	1,743,246	4,314	4,314	4,314
(Accumulated deficit)/retained earnings	(2,370,995)	(2,685,123)	(917,746)	(343,432)	214,871
Total equity	(337,876)	(652,004)	(823,432)	(249,118)	309,185
Represented by:					
Property, plant and equipment	1,988,909	1,760,234	784,054	731,024	785,114
Intangible assets	-	-	824	1,445	2,400
Right of use asset	49,736	67,964	-	-	-
Other receivables -non-current	312,515	281,912	469,007	409,252	473,733
Net current liabilities	(2,396,741)	(2,470,239)	(1,798,718)	(1,186,534)	(701,860)
Non-current borrowings	(292,295)	(291,875)	(278,599)	-	(86,521)
Deferred tax liabilities	-	-	-	-	(26,011)
Defined benefit obligation	-	-	-	(204,305)	(137,670)
Net (liabilities)/assets	(337,876)	(652,004)	(823,432)	(249,118)	309,185
Net (liabilities)/assets per share (Naira)	(0.58)	(1.12)	(4.57)	(1.38)	1.72
Net (liabilities)/assets per share is calculated by dividing net assets/(liabilities) of the company by the number of ordinary shares outstanding at the end of the reporting period.					
	2021	2020	2019	2018	2017
	₦'000	₦'000	₦'000	₦'000	₦'000
Financial result					
Revenue	1,884,776	1,597,823	1,954,635	1,719,933	1,751,972
Operating profit/ (loss)	381,921	(994,464)	(659,054)	(426,423)	(451,507)
Finance cost	(55,512)	(19,769)	(74,854)	(69,163)	(59,366)
Profit/ (loss) before taxation	326,409	(1,014,233)	(733,908)	(495,586)	(510,873)
Tax (charge)/credit	(12,281)	(9,463)	(9,773)	(12,158)	3,979
Profit/ (loss) for the year	314,128	(1,023,696)	(743,681)	(507,744)	(506,894)
Basic and diluted earnings/(loss) per share (Naira)	0.54	(1.77)	(3.82)	(2.82)	(0.58)

Basic earnings/ (loss) per share is calculated by dividing the net earnings/(loss) for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding at the end of the reporting period.