



**ANNUAL REPORT  
FOR THE YEAR  
ENDED  
31 DECEMBER 2024**

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## Corporate Information

<b>BOARD OF DIRECTORS</b>	Mr Folasope Aiyesimoju	Chairman	
	Mrs Bolarin Okunowo	Managing Director	
	Mrs. Udo Okonjo	Independent Non-Executive Director	
	Mrs. Muhibat Abbas	Non-Executive Director	
	Dr Vitus Ezinwa	Non-Executive Director	
	Mr Babs Omotowa	Independent Non-Executive Director	
	Mr Debola Badejo	Non-Executive Director	
	Mrs Ifeoma Chuks- Adizue	Executive Director	Resigned - 31 October 2024
	Mr Yomi Adenson	Executive Director	Resigned - 31 March 2024
<b>COMPANY SECRETARY:</b>	Aramide Nwokediuko		
<b>REGISTERED OFFICE:</b>	2, Adeniyi Jones Avenue P.M.B. 21072, Ikeja – Lagos Tel: 08159493070 E-mail: careline@capplc.com		
<b>REGISTRATION NUMBER:</b>	RC 4551		
<b>FRC NUMBER:</b>	FRC/2012/00000000296		
<b>WEBSITE:</b>	<a href="http://www.capplc.com">www.capplc.com</a>		
<b>AUDITOR:</b>	KPMG Professional Services KPMG Tower, Bishop Aboyade Cole Street Victoria Island Lagos		
<b>REGISTRAR:</b>	Africa Prudential Plc 220B, Ikorodu Road Palmgrove Lagos.		
<b>TIN:</b>	01331249-0001		
<b>BANKERS:</b>	Access Bank Plc Chapel Hill Denham Coronation Merchant Bank Limited Ecobank Nigeria Limited First Bank of Nigeria Plc First City Monument Bank Plc FSDH Merchant Bank Limited Globus Bank Limited Guaranty Trust Bank Plc	Keystone Bank Limited Polaris Bank Limited Rand Merchant Bank Limited Stanbic IBTC bank Union Bank of Nigeria Plc United Bank for Africa Unity Bank Plc Zenith Bank Plc	

**Financial highlights**

	<b>2024</b>	<b>2023</b>	<b>%</b>
	<b>N'000</b>	<b>N'000</b>	<b>change</b>
Revenue	36,362,182	23,890,279	52
Operating profit	5,449,620	3,253,029	68
Finance income	644,762	681,245	(5)
Profit before taxation	6,064,248	3,778,928	60
Income tax expense	(2,256,990)	(1,264,192)	79
Profit for the year	3,807,258	2,514,736	51
Total equity and liabilities	19,677,179	15,373,521	28
Additions to property, plant and equipment	1,864,845	713,268	161
Depreciation on property, plant and equipment	655,239	418,584	57
Cash and cash equivalents	7,014,735	4,996,425	40
Earnings per share (kobo) - Basic and diluted	467	309	51
Net asset per share (kobo) - Basic	1,305	1,011	29

## Reports of Directors

The Directors have the pleasure in presenting their report to members on the affairs of Chemical and Allied Products PLC (the “Company” or “CAP PLC” or “CAP”), together with the Audited Financial Statements and independent Auditor’s Report for the year ended 31 December 2024.

### 1 LEGAL FORM AND PRINCIPAL ACTIVITIES

Chemical and Allied Products PLC is a technological licensee of AkzoNobel Coatings International B.V. (“AkzoNobel”). CAP PLC evolved from the world-renowned British multinational, Imperial Chemical Industries PLC (ICI), which formalized its Nigerian operations in 1957 under ICI Exports Limited. In 1965, ICI Exports Limited changed its name to ICI Nigeria Limited and in 1968, it was subsumed by ICI Paints Limited. ICI was acquired in 2008 by AkzoNobel, changed its name to Chemical and Allied Products Limited (CAPL) in the spirit of indigenization and in 1991, CAP became a public company. In 1992, ICI Nigeria Limited disposed-off its 40% shareholding in CAP when it sold 35.7% of its equity to UAC of Nigeria PLC (“UAC”) and the rest to the Nigerian public. Currently, UAC holds 57.85% of CAP’s shares.

CAP operates within the premium and standard segments of the Paints and Coatings market with flagship brands such as Dulux positioned in the premium segment, and Caplux and Sandtex in the standard segment. CAP also operates in the marine and protective coatings segment through distribution of the Hempel brand. The Company has the ISO 9001:2015 Quality Management System certification and the ISO 14001:2015 Environmental Management system certification. CAP is a signatory to the UN Global Compact (UNGC) initiative, raising the bar in human rights, labour standards, environment, and anti-corruption.

The Company pioneered the colour centre concept in Nigeria in 2005, which began a revolution in the Nigerian paint industry. Currently, the Company has One hundred and thirty eight (138) outlets across major cities in the country following the strategic merger with Portland Paints and Products Nigeria Plc (“Portland Paints”) which became effective on 1 July 2021. The Company is involved in the manufacturing and sale of paints.

### 2 OPERATING RESULTS

The following is the summary of the performance of the Company for the year under review as compared with the previous year:

	<b>2024</b>	<b>2023</b>
	<b>N’000</b>	<b>N’000</b>
Revenue	36,362,182	23,890,279
Operating Expenses	(9,697,990)	(6,323,994)
Profit before taxation	6,064,248	3,778,928
Income tax expense	(2,256,990)	(1,264,192)
Profit for the year	3,807,258	2,514,736
Retained earnings	<u>8,736,996</u>	<u>6,070,216</u>

### 3 DIVIDEND

The Directors are pleased to recommend to shareholders a full year ordinary dividend of N2.40k per 50 kobo share, representing N1.9 billion. Dividend will be paid net of withholding tax. (2023: N1.55 kobo share, N1.26 billion). Actual dividend paid in 2024 amounted to N1.26 billion (2023: N1.26 billion).

Cash dividend will be paid to shareholders whose names appear in the Company’s Register of Members as at the close of business on 31 May 2025.

### 4 RECORD OF DIRECTORS’ ATTENDANCE AT MEETINGS

Pursuant to Section 284(2) of the Companies and Allied Matters Act, No. 3 of 2020, the records of Director’s attendance at Board meetings during the year under review will be available for inspection at the Annual General Meeting.

### 5 BOARD CHANGES

#### RESIGNATIONS

The following resignations from the Board occurred during the course of the year:

- 1) Mr. Yomi Adenson resigned from his position as the Executive Director, Finance of CAP PLC effective 31 March 2024.
- 2) Mrs. Ifeoma Chuks-Adizue resigned from her position as the Executive Director, Commercial of CAP PLC effective 31 October 2024.

The Board extends its sincere appreciation to Mr. Yomi Adenson and Mrs. Ifeoma Chuks-Adizue for their dedication and invaluable contributions to the growth of the Company, and wishes them continued success in all their future endeavours. The NGX Regulation Limited and the Corporate Affairs Commission were notified of their resignation.

## Report of the Directors - Continued

### 6 DIRECTORS RETIRING BY ROTATION

In accordance with the Articles of Association of the Company and Section 285 of CAMA, Mrs. Muhibat Abbas and Dr. Babs Omotowa are the directors retiring by rotation at this meeting.

### 7 DIRECTORS' TRAINING AND INDUCTION

During the year, the Directors attended relevant trainings to deepen corporate governance practice through multi-sectoral and multi-generational collaborations and enhance strategic leadership skills.

Every newly appointed Director receives a comprehensive letter of appointment detailing the terms of reference and composition of the Board and Board committee, schedule of Board meetings, their entitlements and demand on their time as a result of the appointment. The letter of appointment is accompanied with the Memorandum and Articles of Association of the Company, the previous year's Annual Report and Financial Statements, the Code of Corporate Governance for Public Companies in Nigeria, CAP PLC's Code of Business Conduct, and other documents, policies, processes and procedures of the Company that help the director gain understanding of the Company, its history, culture, values, business principles, people, projects, processes and plan.

A new Director undergoes an induction for him/her to get acquainted with the business operations, issues and brands of the Company. As part of the induction process, he/she is introduced to the Directors, members of the Leadership Team, Company's operations and trade partners including Dulux partners and Sandtex franchisees.

### 8 DIRECTORS INTERESTS IN CONTRACTS

None of the Directors has notified the Company for the purpose of Section 303 of CAMA of any declarable interest in contracts in which CAP PLC is involved.

### 9 DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY.

Directors' interests in the issued share capital of the Company as recorded in the Register of Members and/or as notified by the Directors in compliance with CAMA and the Listing Requirements of the NGX Regulation Limited were as follows:

S/N	NAME/POSITION OF DIRECTORS	31-Dec-24		31-Dec-23	
		DIRECT	INDIRECT	DIRECT	INDIRECT
1	Mr. Folasope Aiyesimoju* (Chairman)	Nil	471,343,569	Nil	471,343,569
2	Mrs. Bolarin Okunowo Managing Director	Nil	Nil	Nil	Nil
3	Mrs. Udo Okonjo Independent Non-Executive Director	Nil	Nil	Nil	Nil
4	Mrs. Muhibat Abbas Non-Executive Director	Nil	Nil	Nil	Nil
5	Dr. Vitus Ezinwa Non-Executive Director	Nil	Nil	Nil	Nil
6	Mr. Adebolanle Badejo Non-Executive Director	Nil	Nil	Nil	Nil
7	Mrs. Ifeoma Chuks-Adizue** Executive Director	Nil	Nil	Nil	Nil
8	Mr. Yomi Adenson** Executive Director	Nil	Nil	Nil	Nil
9	Mr. Babs Omotowa Independent Non-Executive Director	Nil	Nil	Nil	Nil

\*Mr. Folasope Aiyesimoju is the Group Managing Director of UAC of Nigeria Plc (UACN) and he indirectly controls the shares of UACN in CAP PLC

\*\* No Longer a Director

## Report of the Directors - Continued

### 10 ALTERNATE DIRECTORSHIP

There was no alternate directorship during the year under review.

### 11 SHAREHOLDING AND SUBSTANTIAL SHAREHOLDERS

The issued and fully paid-up share capital of the Company is N407,373,750 (Four Hundred and Seven Million, Three Hundred and Seventy-Three Thousand, Seven Hundred and Fifty Naira) divided into 814,747,500 (Eight Hundred and Fourteen Million, Seven Hundred and Forty-Seven Thousand, Five Hundred) Ordinary shares of N0.50 kobo each.

In terms of significant shareholding (5% and above), the table below is instructive:

S/N	PARTICULARS OF SHAREHOLDING	NUMBER OF SHARES	PERCENTAGE % OF SHAREHOLDING
1	UAC of Nigeria PLC	471,343,569	57.85

Other than the above, no other shareholder holds 5% and above of the Company's issued shares as of 31 December 2024.

### 12 RANGE ANALYSIS OF SHAREHOLDING

As at the 31 December 2024, CAP PLC's shares were held by 16,850 shareholders as analyzed below

Category	No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1 - 1000	5,626	33.00	5,626	1,955,033	0%	1,955,033
1001 - 5,000	7,158	42.00	12,784	17,859,984	2%	19,815,017
5,001 - 10,000	1,634	10.00	14,418	12,032,837	1%	31,847,854
10,001 - 50,000	1,806	11.00	16,224	39,633,488	5%	71,481,342
50,001 - 100,000	288	2.00	16,512	20,819,509	3%	92,300,851
100,001 - 500,000	259	2.00	16,771	54,544,417	7%	146,845,268
500,001 - 1,000,000	35	0.00	16,806	24,687,100	3%	171,532,368
1,000,001 - 5,000,000	34	0.00	16,840	68,864,605	8%	240,396,973
5,000,001 - 10,000,000	1	0.00	16,841	8,971,225	1%	249,368,198
10,000,001 - 50,000,000	6	0.00	16,847	110,668,725	14%	360,036,923
50,000,001 - 100,000,000	2	0.00	16,849	181,912,251	22%	541,949,174
100,000,001 - 500,000,000	1	0.00	16,850	272,798,326	33%	814,747,500
<b>Grand Total</b>	<b>16,850</b>	<b>100.00</b>		<b>814,747,500</b>	<b>100%</b>	

### 13 DIRECTORS' REMUNERATION

CAP PLC ensures that remuneration paid to its directors complies with the provisions of the Code of Corporate Governance issued by its regulators and other relevant laws. In compliance with Principle 16.8 of the Nigerian Code of Corporate Governance 2018, the Company makes disclosures of the remuneration paid to its Directors.

Package	Type	Description	Period
Basic Salary	Fixed	This is part of the gross salary package for the Managing Director and Executive Directors only	Paid monthly during the financial year
Directors' fee	Fixed	This is paid annually to Non-Executive Directors only	Paid in December of the year
Sitting Allowance	Fixed	This is paid to Non-Executive Directors only	Paid after attendance at each meeting
Travel Allowances	Fixed	This is paid to all Directors only	Paid in the first month of the year

## Report of the Directors - Continued

### 14 CORPORATE GOVERNANCE EVALUATION

In line with the provisions of the Nigerian Code of Corporate Governance 2018, an evaluation was carried out to assess the level of the Company's compliance with corporate governance requirements. The exercise was carried out by the Company's Company Secretarial Department. Our corporate governance strategy is aspirational, ensuring ongoing compliance improvements with relevant codes of corporate governance as well as the post-listing requirements of the NGX Regulation Limited.

### 15 BOARD EVALUATION

To assess the effectiveness of the Board, the Board Committees and of the individual Directors, a Board evaluation was undertaken covering the period of the financial year under review by the Company's Company Secretarial Department. The performance of the Board, Board Committees and individual directors were adjudged to be satisfactory and necessary feedback arising from the exercise was communicated as appropriate.

### 16 COMPLAINT MANAGEMENT FRAMEWORK

The Company has a Complaint Management Policy and Framework in place in accordance with the directive of the Securities and Exchange Commission on resolution of complaints. This policy has also been uploaded on the Company's website for public access.

### 17 INSIDER TRADING AND PRICE SENSITIVE INFORMATION

The Company has a Securities Trading Policy which prohibits the directors and employees from trading in the Company's shares during periods they are in possession of price sensitive information. The Company was in compliance with the Securities Trading Policy during the year under review.

### 18 WHISTLE BLOWING PROCEDURE

The Company has a Whistle Blowing Procedure which ensures that reports are anonymously received, discretely investigated and a report sent to the Board Audit Committee.

### 19 ACQUISITION OF OWN SHARES

The Company did not purchase any of its own shares during the year.

### 20 THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018 AND THE SEC CORPORATE GOVERNANCE GUIDELINES

The Company has complied with the Securities and Exchange Commission's Corporate Governance Guidelines for Public Companies in Nigeria. The Company has substantially complied with the provisions of Nigerian Code of Corporate Governance 2018. The Company has adopted an aspirational approach, where identified gaps continue to be closed to ensure full compliance.

### 21 HUMAN RESOURCES REPORT

CAP PLC believes its people are its greatest assets therefore makes it a key priority to hire talents based on high standards criteria and competence. Also, the Company upholds a sound culture of providing continuous development and training for its staff to address knowledge gaps and provide new skill sets along the Company's lines of responsibilities. Annually, trainings are identified for staff and followed through in accordance with an approved training plan meant to ensure that this objective is achieved. The Company encourages easy interaction between Management and other staff of the Company so as to foster an atmosphere of warmth at work and also to kindle the necessary synergy required for the Company's success.

### 22 EMPLOYMENT OF DISABLED PERSONS

The Company adhered to its age-long policy of non-discrimination against disabled persons in 2024. The Company had no disabled person on its payroll as at 31 December 2024 (2023: Nil). All employees are treated equally and are given equal opportunities to develop their careers; Disability is not a barrier to promotion or career development in the Company.

### 23 HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The Company approaches Health, Safety and Welfare issues affecting staff with every sense of seriousness and therefore maintains an insurance health care scheme with Health Maintenance Organizations (HMOs), licensed by the National Health Insurance Scheme (NHIS) to provide health insurance to employees in the private sector. Through this arrangement, each employee, their respective spouses, and dependents below the age of eighteen (18) years are entitled to medical treatments in well-equipped, qualitative network of hospitals under the scheme.

## Report of the Directors - Continued

There is also an on-site clinic in the Company's premises where first aid treatment can be administered to ailing staff. Safety regulations are in place within the Company's premises and employees are regularly informed of the regulations.

There are contributory retirement benefit schemes for both management and employees of the Company in conformity with the Pensions Reform Act 2014.

The Company is committed to providing a safe working environment for employees, contractors, customers and members of the public.

### HIV/AIDS

The Company does not discriminate against or dismiss any employee on the basis of his or her HIV status. The HIV status and medical records of any individual are considered and kept as strictly confidential. As much as possible, care will be taken to support such individuals by providing counselling and medical support services.

### Employee Involvement

CAP PLC continues to pursue the "Great place to work" global initiative which is aimed at creating a better society of happier employees. To achieve this, an engaged work culture is being entrenched company wide.

### Training and Staff Development

The Company recognises the importance of investing in the learning and development of its workforce. We believe this investment directly adds value to the business. As such, we are committed to the continuous development of our employees through on-the-job learning, coaching, mentoring, and both internal and external training programs, including overseas courses. We take into account the individual development needs of each employee when planning these initiatives. Additionally, staff members are encouraged and supported financially in pursuing self-development opportunities to enhance their academic and professional growth.

### Anti-corruption and Business integrity

CAP PLC does not give or receive whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee shall offer, give or receive any gift or payment which is or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management. No employee will be criticised for any loss of business resulting from adherence to these principles. The Company's accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

A whistle blowing policy has also been put in place to encourage employees at all levels to alert and inform management of any negative development that might impinge on the value, performance and/or image of the Company before any harm is done. Similarly, a corporate fraud policy has been established to facilitate the development of controls which will aid in the detection and prevention of fraud against the company. It is our intention to promote consistent organizational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

## 24 DONATIONS

The following were given by way of gifts and donations during the year

2024 DONATIONS		
S/N	DESCRIPTION	AMOUNT
1	Paint donations, Remedial & Labour costs at Govt Girls Secondary School, Dutse, Abuja FCT (Multipurpose Hall and 3 Blocks of Classrooms)	4,222,865
2	Paint donations, Remedial & Labour costs at Ibeju Lekki High School, Lagos (2 Blocks of Classrooms, Admin Office & Gate reception)	1,660,000
3	Paint donations & Labour costs at St Paul Anglican Primary School Epe, Lagos (2 Blocks of Classrooms)	3,326,600
4	Paint donations at Nigeria Immigration, Alagbon, Lagos	462,482
5	Paint donation to ICAN - Ibadan district	651,995
	<b>Total</b>	<b>10,323,942</b>

Report of the Directors - Continued

2023 DONATIONS		
S/N	DESCRIPTION	AMOUNT
1	Repainting of Finger of God Orphanage, Lagos. (Paint donation and application, volunteers etc.)	2,283,212
2	Repainting of Royal Diamond Orphanage Lagos (Paint donation and application, volunteers etc.)	1,730,788
	<b>Total</b>	<b>4,014,000</b>

**25 EVENTS AFTER REPORTING PERIOD**

There are no events after the reporting date which could have had a material effect on the financial position of the Company as at 31 December 2024 that have not been adequately provided for or disclosed in these financial statements.

**26 TRADING IN SECURITIES POLICY**

Chemical and Allied Products PLC (the Company) has a Securities Trading Policy regulating securities transactions by its directors and other insiders. The Company's Securities Trading Policy complies with the standard set out by the Rules of the Nigerian Stock Exchange are no less stringent than the said standard. The Company's Securities Trading Policy is to generally ensure the board members, employees and its external stakeholders who have knowledge of confidential and potentially price sensitive information are aware of the prohibition imposed by law against using, disclosing (other than in the normal course of the performance of their duties) or encouraging transactions in securities on the basis of such inside information.

In addition to obligations imposed by law, Chemical and Allied Products PLC wants board members, employees and external stakeholders to respect the safeguarding of confidential information and potentially price sensitive information. The Policy has been made available to all stakeholders and is also available on the Company's website. Having made specific enquiry of all directors, the Company confirms that all of its directors have complied with the standards set out in relevant laws as well as the Company's Securities Trading Policy.

**27 PROPERTY, PLANT AND EQUIPMENT**

Information relating to property, plant and equipment is given in Note 14 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.

**28 AUDITOR**

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 401(2) of the Companies and Allied Matters Act (CAMA), 2020, therefore, the independent auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed. A resolution will however be proposed authorising the Directors to fix their remuneration.

Dated this 27th day of March, 2025

BY ORDER OF THE BOARD



**ARAMIDE NWOKEDIUKO**  
Company Secretary  
FRC/2018/PRO/NBA/002/00000018555

## Corporate Governance Report

### Introduction

The Board of Chemical and Allied Products PLC (“**CAP PLC**” or the “**Company**”) is pleased to present the Corporate Governance Report (the “**Report**”) for the 2024 Financial Year. The Report provides insight into the operations of our governance framework and Board’s key activities during the year. The Board recognizes that effective governance is a key imperative for strong corporate performance and sustainable success of the Company. It operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustainable growth. The Company’s corporate governance framework is designed to align Management’s and Board’s actions with the interests of shareholders whilst ensuring appropriate balance with the interests of other stakeholders.

Our corporate governance compliance strategy is aspirational. It ensures on-going compliance with relevant codes of corporate governance as well as the post listing requirements of the Nigerian Exchange Group and the NGX Regulation Limited. Our governance model is founded on key pillars of accountability, responsibility, transparency, independence, fairness and discipline. CAP PLC is governed under a framework that enables the Board discharge its oversight functions, provide strategic direction to the Company, take decisions and ensure regulatory compliance.

## 1 THE BOARD

### 1.1 General

The Board is responsible for developing the Company’s strategy and ensuring that its available assets are utilized towards the attainment of its set strategy and plans. The Board performs supervisory oversight over management activities ensuring that the affairs of the Company are conducted in a manner that increases the value of shareholders’ investments and is also beneficial to all other stakeholders of the Company.

In accordance with best practices, the Board comprises of seven (7) Directors made of up six (6) non-executive directors (two of whom are independent), and the Managing Director. The Board members are professionals and businesspersons with vast experience and credible track record.

### 1.2 Appointment Process

The Board appointment process is guided by transparent and high ethical standards. In other words, the process of appointment to the Board of CAP PLC is transparent and in accordance with relevant regulatory laws and guidelines. In compliance with the SEC Corporate Governance Guidelines, the Nigerian Code of Corporate Governance and the Board’s policy on process for appointment of directors, the Directors are selected based on their skills, competence, experience and diversity. Upon approval by the Board, the NGX Regulation Limited, and the Corporate Affairs Commission are notified of the appointments of the candidates.

### 1.3 General Board Philosophy

The Board provides overall guidance and policy direction to Management and acts on behalf of Shareholders in the overall interest of stakeholders and is accountable to the shareholders. It prides itself of people with a blend of experience and knowledge cutting across various lines of the Company.

### 1.4 Chairman and CEO Positions

In accordance with good corporate governance practices, the positions of the Managing Director and that of the Chairman of the Board are occupied by different persons and while the Managing Director is responsible for implementation of the Company’s business strategy and the day-to-day management of the business, the Chairman is not involved in the day-to-day operations of the Company and is not a member of any committee of the Board.

### 1.5 Non-Executive Directors

The Non-Executive Board members possess strong knowledge of the Company’s business and usually contribute actively at Board meetings

### 1.6 Independent Non-Executive Directors

The Board composition includes two (2) Independent Non-Executive Directors who bring objectivity and independent judgment to Board deliberations. In accordance with the Nigerian Code of Corporate Governance, the continued independence of the Independent Non-Executive Directors is annually ascertained against set criteria.

### 1.7 Board Changes

The following changes occurred during the year under review:

- a. Mr. Yomi Adenson resigned from his role as the Executive Director, Finance, effective March 31, 2024.
- b. Mrs. Ifeoma Chuks-Adizue resigned from her role as the Executive Director, Commercial, effective October 31, 2024.

The NGX Regulation Limited, the Securities and Exchange Commission and the Corporate Affairs Commission were notified of these changes.

### 1.8 Attendance at Board Meetings

The Board meets at least once in every quarter or as frequently as the Board's attention may be required on any situation which may arise. Sufficient notices with clear agenda and reports are usually given prior to convening such meetings.

A total of 89% attendance was recorded at Board meetings in 2024. This displays the Board's strong commitment and unwavering dedication to the Company's affairs whilst ensuring that the Company's best interest is protected.

### 1.9 Board Meeting Attendance

**KEY:**

<b>P</b>	=	<b>Present</b>
<b>LTB</b>	=	<b>Left the Board</b>
<b>AWA</b>	=	<b>Absent with Apology</b>
<b>NLM</b>	=	<b>No Longer a Member</b>
<b>NYAM</b>	=	<b>Not Yet a Member</b>

A total of five (5) Board Meetings were held in the 2024 Financial Year. The table below shows Directors' attendance at the meetings.

S/N	Members	3/25/2024	4/26/2024	6/24/2024	7/22/2024	10/23/2024	Total number of Meetings attended	Percentage of Attendance
1	Mr. Folasope Aiyesimoju	P	P	P	P	P	5	100%
2	Mrs. Bolarin Okunowo	P	P	P	P	P	5	100%
3	Mrs. Udo Okonjo	P	P	P	P	P	5	100%
4	Mrs. Muhibat Abbas	P	P	P	P	P	5	100%
5	Dr. Vitus Ezinwa	P	P	P	P	P	5	100%
6	Mr. Yomi Adenson	AWA	NLM	NLM	NLM	NLM	0	0%
7	Mrs. Ifeoma Chuks- Adizue	P	P	P	P	P	5	100%
8	Dr. Babs Omotowa	P	P	P	P	P	5	100%
9	Mr. Adebolanle Badejo	P	P	P	P	P	5	100%

Corporate Governance Report - Continued

**1.10 Board Committees**

The Board exercises oversight responsibility through its standing committees, each of which has its own Terms of Reference that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board is not a member of any committee and the Chairmen of the Committees are appointed by the Board. The Board has three (3) standing committees, namely: the Risk Management Committee, the Remuneration and Governance Committee and the Board Audit Committee. While the various Board committees have the authority to examine issues within their remit and report their decisions and/or recommendations to the Board, the ultimate responsibility for all matters lies with the Board.

**1.10.1 Risk Management Committee**

The Risk Management Committee is responsible for overseeing the efficacy of risk management and the strength and appropriateness of control processes across the Company.

The Committee is constituted as follows:

1	Mr. Adebolanle Badejo	Chairman/Non-Executive Director
2	Mrs. Bolarin Okunowo	Member/ Managing Director
3	Mrs. Muhibat Abbas	Member/Non - Executive Director,
4	Mr. Yomi Adenson	Member/Executive Director, Finance (resigned with effect from 31 March 2024)
5	Dr. Babs Omotowa	Member/Independent Non-Executive Director

The following are the Committee's terms of reference:

- Oversee the establishment of a management framework that defines the company's risk policy, risk appetite and risk limit and recommend for approval of the Board as well as assist the Board in its oversight of risk management strategy;
- Ensure that the risk management framework is integrated into the day-to-day operations of the business and provides guidelines and standards for administering the acceptance and on-going management of the Company's key risks;
- To review the Company's risk management policies, systems and procedures developed by management and to confirm their consistency with the Company's strategy and business plans;
- To review and assess steps taken by management to manage and mitigate identifiable risks, and review the status of the Company's key risks at every meeting;
- To review the adequacy and effectiveness of the Company's risk management and internal control systems on a regular basis;
- To ensure that the Company undertakes at least once annually a thorough risk assessment covering all aspects of the Company's business and the results of the risk assessment are used to update the Company's risk management framework;
- Review the level of the Company's compliance with applicable laws and regulatory requirements which may impact the Company's risk profile;
- Periodically review changes in economic and business environment which may threaten the Company's business model, key strategies, future performance, solvency and liquidity and make recommendations to the Board as appropriate;
- Review and recommend for approval of the Board, at least annually, the Company's I.T. data governance framework;

- Consider and recommend significant I.T. investments and expenditure for the Company;
- Make recommendations to the Board on capital expenditure, specific projects and their financing, within the overall approved plan;
- Make recommendations on management of Company's cash and debt exposure/borrowings;
- Understand the principal risks to achieving the company's strategy;
- Ensure that business profile and plans are consistent with the Company's risk appetite;
- Assist the Board in overseeing risk management and monitoring the Company's performance with regards to risk management;
- Review the process for identifying and analyzing business level risk;
- Agree and implement risk measurement and reporting standards as well as methodologies;
- Periodically review the key controls, processes and practice, including limit structure;
- Review and challenge all aspects of the Company's risk profile; key risk management practice;
- Periodically evaluate the Company's risk profile, action plans to manage high risks and progress on the implementation of these plans;
- Monitor risk management policies to ensure they are integrated into the Company's culture;
- Review quarterly risk management reports and make recommendation to the Board on appropriate actions;
- Ensure the Company's risk exposures are within approved risk control limits;
- Assess new risk-return opportunities;
- Review the structure for, and implementation of, risk measurement and reporting standards, as well as, methodologies;
- Ensure disclosure of the Company's risk management policies and practices in the annual report;
- Recommend to the Board for approval the authority limits for all Executives (including the Managing Director).

The Committee met four (4) times in 2024 in line with its Terms of Reference and recorded 100% attendance by all its members. The table below shows Directors' attendance at the meetings.

S/N	Members	3/15/2024	4/22/2024	7/15/2024	10/21/2024	Total number of meetings attended	Percentage of Attendance
1	Mr. Adebolanle Badejo	P	P	P	P	4	100%
2	Mrs. Bolarin Okunowo	P	P	P	P	4	100%
3	Mrs. Muhibat Abbas	P	P	P	P	4	100%
4	Mr. Yomi Adenson	P	NLM	NLM	NLM	1	100%
5	Dr. Babs Omotowa	P	P	P	P	4	100%

### 1.10.2 Remuneration and Governance Committee

The Remuneration and Governance Committee is responsible for overseeing the Company's compliance with corporate governance best practices; developing a process and policy for the appointment of directors; recommending the remuneration of directors and senior management to the Board, examining the Company's human resources policy and practices and making recommendations to the Board on ways of complying with international best practices.

The Committee is constituted as follows:

1. Mrs. Udo Okonjo	Chairperson/Independent Non-Executive Director
2. Dr. Vitus Ezinwa	Member/Non-Executive Director
3. Dr. Babs Omotowa	Member/Independent Non-Executive Director

The following are the Committee's terms of reference:

- Review the structure, size, composition and commitment of the Board at least annually and make recommendations on any proposed changes to the Board;
- Establish a formal and transparent process for Board appointments, including establishing the criteria for appointment to the Board and Board committees, reviewing prospective candidates' qualifications and any potential conflict of interest; assessing the contribution of current Directors against their re-nomination suitability, and making appropriate recommendations to the Board;
- Identify individuals suitably qualified to become Board members and make recommendations to the Board for nomination and appointment as Directors;
- Periodically determine the skills, knowledge and experience required on the Board and its committees;
- Ensure that the Company has a formal program for the induction and training of Directors;
- Undertake the annual assessment of the independent status of each INED;
- Ensure that the Company has a succession policy and plan in place for the Chairman of the Board, the MD/CEO and all other Executive Directors, Non-Executive Directors and senior management positions to ensure leadership continuity. Succession planning should be reviewed periodically, with provision made for succession in emergency situations as well as long-term vacancies;
- Deal with all matters pertaining to executive management selection and performance, including set the performance targets/criteria and evaluate the performance of the Managing Director/CEO and make recommendations to the Board on his performance;
- Develop a process for, and ensure that the Board undertakes, an annual performance evaluation of itself, its committees, the Chairman and individual Directors, as well as the Company's corporate governance practices.
- Ensure the development and periodic review of Board charters, Board committee charters and other governance policies, such as the code of ethics, conflict of interest and whistleblowing policies among others;
- Make input into the annual report of the Company in respect of Directors' compensation;
- Review and make recommendations to the Board for approval on the Company's organizational structure and propose amendments;
- Development of a formal, clear and transparent framework for the Company's remuneration policies and procedures;
- Recommendation to the Board on the Company's remuneration policy and structure for all Directors and senior management employees;

- Reviewing the Company's Human Resources Policy for compliance with international best practises and thereafter recommend same to the Board for approval;
- Advising the Board on all Human Resources related issues which may from time to time be referred to it by the Board;
- To consider such staff matters as may from time to time be referred to it by the Board and Management of the Company.

The Committee met two (2) times in 2024 in line with its Terms of Reference and recorded 100% attendance by all its members. The table below shows Directors' attendance at the meetings.

S/N	Members	3/13/2024	10/21/2024	Total number of meetings attended	Percentage of Attendance
1	Mrs Udo Okonjo	P	P	2	100%
2	Dr Vitus Ezinwa	P	P	2	100%
3	Dr. Babs Omotowa	P	P	2	100%

### 1.10.3 Board Audit Committee

The Board Audit Committee is tasked with providing assurance to the Board as to the veracity of the financial statements and the strength and appropriateness of control processes across the Company.

The Committee is constituted as follows:

- |                       |   |
|-----------------------|---|
| 1. Mrs. Muhibat Abbas | Chairperson/Non-Executive Director        |
| 2. Mrs. Udo Okonjo    | Member/Independent Non-Executive Director |
| 3. Dr Vitus Ezinwa    | Member/Non-Executive Director             |

The following are the Committee's terms of reference:

- To monitor the integrity of the financial statements of the Company and ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practice;
- To review the scope and planning of the Company's audit requirements with the external auditor;
- To review the findings in management letters in conjunction with the external auditor and departmental responses
- To continuously review the effectiveness of the Company's system of accounting and internal control;
- To make recommendations to the Board with regards to the appointment, removal and remuneration of the external auditors of the Company;
- To authorize the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee;
- Exercise oversight over management's processes to ascertain the integrity of the Company's financial statements, compliance with all applicable legal and other regulatory requirements; and assess the qualifications and independence of the external auditors, and the performance of the Company's internal audit function as well as that of the external auditors;

- Ensure the establishment of, and exercise of oversight, on the internal audit function which provides assurance on the effectiveness of the internal controls. On a quarterly basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including identification of any issues or recommendations for improvement raised by the most recent internal audit review of the Company;
- Ensure the development of a comprehensive internal audit framework for the Company, obtain appropriate (internal and or external) assurance and report annually in the Company's audited financial report, on the design and operating effectiveness of the Company's internal controls over the financial reporting systems;
- Oversee the process for the identification of fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- Discuss the interim or annual audited financial statements as well as significant financial reporting findings and recommendations with management and external auditors prior to recommending same to the Board for their consideration and appropriate action;
- Maintain oversight of financial and non-financial reporting;
- Review and ensure adequate whistle-blowing policies and procedures are in place and that the issues reported through the whistle-blowing mechanism are summarized and presented to the Board;
- Develop a policy on the nature, extent and terms under which the external auditors may perform non-audit services;
- Preserve auditor independence by setting clear hiring policies for former employees of external auditors;
- Review the independence of the external auditors in line with the policy referred to above prior to their appointment to perform non-audit services to ensure that where approved non-audit services are provided by the external auditors, there is no real or perceived conflict of interest or other legal or ethical impediment.
- Ensure the development of related party transaction policy and monitor its implementation by management. The Committee should consider any related-party transaction that may arise within the Company.
- At least once every year, the Committee to hold a discussion with the head of internal audit function and the external auditors without the presence of management to facilitate an exchange of views and concerns that may not be appropriate for open discussion.

The Committee met four (4) times in 2024 in line with its Terms of Reference. The table below shows Directors' attendance at the meetings.

S/N	Members	3/21/2024	4/24/2024	7/17/2024	10/22/2024	Total number of meetings attended	Percentage of Attendance
1	Mrs. Muhibat Abbas	P	P	P	P	4	100%
3	Mrs. Udo Okonjo	P	P	AWA	P	3	75%
4	Dr. Vitus Ezinwa	P	P	P	P	4	100%

## 2 THE STATUTORY AUDIT COMMITTEE

By virtue of section 404 (2) of the Companies and Allied Matters Act No 3 of 2020, every public company is required to establish a Statutory Audit Committee ("SAC").

In the period under review, the Committee had 5 (five) Members as follows:

- |   |                              |   |
|---|------------------------------|---|
| 1 | Prince Bassef Manfred        | Chairperson/Shareholder                   |
| 2 | Mr. Anthony Kanayo Katchy    | Member/Shareholder                        |
| 3 | Mrs. Samiat Adebanye Odunuga | Member/Shareholder                        |
| 4 | Mrs. Muhibat Abbas           | Member/Non-Executive Director             |
| 5 | Mrs. Udo Okonjo              | Member/Independent Non-Executive Director |

## 2.1 The profiles of the Shareholder representatives in the SAC are:

### 1. Prince Bassey Manfred- Chairman

Prince Bassey Manfred is a graduate of Law, Economics and Management Policy Strategy and Evaluation from the University of Calabar and holds a Masters Degree in Economics from University of Calabar and another Masters Degree in Management from the University of Ado-Ekiti. He was the pioneer Assistant General Secretary of Independent Shareholders Association of Nigeria. He is an active investor in the Nigerian Capital Market with holdings in quoted and unquoted companies. He sits on the Board of a number of private companies and is an audit committee member for several public companies in Nigeria.

### 2. Mr. Anthony Kanayo Katchy- Member

Anthony Kanayo Katchy holds a BSc (Hons) in Economics, from the University of Ibadan, Oyo State, as well as a Masters in Business Administration (MBA) from the University of Benin, Benin-City, Edo State. He is a Chartered Accountant with an Authorized Dealing Clerkship License from the Nigerian Exchange Group (formerly the Nigerian Stock Exchange), and a World Bank Certificate on Funds Disbursement.

Over the course of his career, he has held various positions - as an Investment Manager for Omega Finance & Securities Limited, an Assistant General Manager for Integrated Trust & Investment Limited and a Managing Director for UIDC Securities Limited. These roles serve as a testament to his skills in Financial/Investment Consultancy, Stock Broking, Entrepreneurship Training and Development and Business/Personnel Management Consultancy.

He is currently the Managing Partner of Tony Consulting (Management/Financial/Computer Consultants), and the Managing Director/CEO of Tokacy Investment Services Limited.

### 3. Mrs. Samiat Adebanye Odunuga- Member

Mrs. Odunuga holds a first degree in Business Administration from Lagos State University, Ojo Lagos State (2008). She had worked as a Teacher at Tees Private School from 1998 to 2002 and later worked with Independent National Electoral Commission, Simpson Street, Lagos in 2012. She is currently working at Livingstone Store. She had obtained training certificates in the following fields – career development and Workplace effectiveness from Skillsedge Consulting Limited, Egbeda Lagos (October 2009). She participated in the workshop on recharge cards printing (December 2009). She also participated in an audit committee training organized by KPMG in 2019.

## 2.2 Terms of Reference of the Statutory Audit Committee

- ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- review the scope and planning of external audit;
- review the findings as reported through the management controls report and management responses thereon;
- keep under review the effectiveness of the Company's system of accounting and internal control;
- make recommendation to the Board with regards to the appointment, removal and remuneration of the external auditors of the Company;
- authorize the internal auditor to carry out investigations into any activities of the Company, which may be of interest or concern to the Committee.

In addition, the 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance also assigns the following responsibilities to the Statutory Audit Committee:

- To oversee internal audit and internal controls; and to document and review the roles, responsibilities, authority and scope of operations of the internal audit function; approve the annual internal audit plan.
- Assist in the oversight of the integrity of the Company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor and performance of the Company's internal audit function as well as that of external auditors;
- Establish an internal audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls of the company;
- Ensure the development of a comprehensive internal control framework for the company; obtain assurance and report annually in the financial report, on the operating effectiveness of the company's internal control framework;

- Oversee management’s process for the identification of significant fraud risks across the company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- At least on an annual basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent control review of the company;
- Discuss the annual audited financial statements and half yearly unaudited statements with management and external auditors;
- Discuss policies and strategies with respect to risk assessment and management;
- Meet separately and periodically with management, internal auditors and external auditors;
- Review and ensure that adequate whistle-blowing procedures are in place. A summary of issues reported are highlighted to the chairman;
- Review, with the external auditor, any audit scope limitations or problems encountered and management’s responses to same;
- Review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors, there is no conflict of interest
- Preserve auditor independence, by setting clear hiring policies for employees or former employees of independent
- Consider any related party transactions that may arise within the company or group;
- Invoke its authority to investigate any matter within its terms of reference and the company must make available resources, including internal audit and access to external advice where necessary, to carry out this function; and report to the members of the company at annual general meeting and to the Board of Directors, when necessary.

### 2.3 Attendance at SAC Meetings

In the course of the financial year 2024, the SAC met four (4) times as outlined in the schedule below.

S/N	Members	3/21/2024	4/24/2024	7/17/2024	10/22/2024	Total number of meetings attended	Percentage of Attendance
1	Prince Bassef Manfred	P	P	P	P	4	100%
2	Mr. Anthony Kanayo Katchy	P	P	P	P	4	100%
3	Mrs. Samiat Adebanye Odunuga	P	P	P	P	4	100%
4	Mrs. Muhibat Abbas	P	P	P	P	4	100%
5	Mrs. Udo Okonjo	P	P	AWA	P	3	75%

## 3 ACCOUNTABILITY, AUDIT AND CONTROL

### 3.1 Financial Reporting

The Directors make themselves accountable to shareholders through regular publication of the Company’s financial performance and annual reports.

The Board is mindful of its responsibilities and is satisfied that in the preparation of its financial report, it has presented a balanced assessment of the Company’s position and prospects in accordance with its obligation under the Code of Corporate Governance.

KPMG Professional Services acted as external auditors to the Company during the 2024 financial year.

### 3.2 Control Environment

The Company has consistently improved its internal control system to ensure effective management of risks. The Directors review the effectiveness of the system of internal control through regular reports and reviews at Board and Risk and Management Committee Meetings.

The Board has continued to place emphasis on risk management as an essential tool for achieving the Company's objectives. Towards this end, it has ensured that the Company has in place robust risk management policies and mechanisms to ensure the identification of risks and effective controls.

The Board approves the annual budget for the Company and ensures that a robust budgetary process is operated with adequate authorization levels put in place to regulate capital expenditure.

## 4 COMPANY SECRETARY

The Company Secretary plays a pivotal role in supporting the effectiveness of the Board by assisting the Board and Management to develop good corporate governance practices and culture within the Company. The Company Secretary ensures adequate dissemination of information among Board members and between the Board and the Management of the Company. In furtherance of Board and Committee meetings, the Company Secretary undertakes the preparation of the necessary papers and other documents requisite for the success in deliberations. The Company Secretary is responsible for providing the Board and Directors individually, with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Company.

The office of the Company Secretary ensures that the Company complies with the relevant regulatory laws including but not limited to the Investment and Securities Act, the Securities and Exchange Commission (SEC) Rules and Regulations, the Securities and Exchange Commission (SEC) Code of Corporate Governance, the Nigerian Code of Corporate Governance, the Factories Act, the Companies and Allied Matters Act, the NGX Regulation Limited Rules and Regulations, amongst others.

The procedure for the appointment and removal of the Company Secretary is a matter for the Board.

## 5 SHAREHOLDERS

The Company ensures the existence of adequate interaction among the Shareholders, the Management and the Board of the Company. The Company's General Meetings provide Shareholders the platform to contribute to the administration of the Company. Annual General Meetings (AGMs) are held in accessible locations and are open to Shareholders or their proxies. The AGMs are conducted in a manner that facilitates Shareholders' participation in accordance with relevant regulatory and statutory requirements.

The Company encourages Shareholders to attend these meetings by ensuring that notices of meetings and other information required by Shareholders to make informed decisions are dispatched in a timely manner. The office of the Company Secretary additionally affords Shareholders channels of communication to the Board and the Management of the Company.

It is the responsibility of the Shareholders to approve the appointment of Directors and to grant other approvals that are required by law or the Articles of Association of the Company.

The Shareholders through its representatives on the Statutory Audit Committee in line with section 404 of the CAMA and the SEC Code of Corporate Governance also assume responsibility for the integrity of the Company's audited accounts.

## 6 TRADING IN SECURITIES POLICY

In compliance with the Rules of the Nigerian Stock Exchange, the Company has in place a Securities Trading Policy to guide the Board, Employees, External Advisers and Related Parties on trading in the securities of the Company within the closed period. Under the policy, the closed period is when no Director, employee, external adviser and related party with inside information can trade in the Company's securities. The closed period commences from the end of the financial period in review or 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any price sensitive matter or the date of circulation of agenda papers pertaining to a board meeting on any of the said matters, whichever is earlier, up to 24 hours after the price sensitive information is submitted to the exchange via its issuer's portal and disclosed to the public. The trading window shall thereafter be We hereby confirm that no Director and key management personnel traded in the securities of the Company within the closed period.

## **7 COMPLAINT MANAGEMENT POLICY**

CAP PLC has in place a Complaints Management Policy to handle and resolve complaints from our shareholders and investors. The policy was defined and endorsed by the Company's senior management that is also responsible for its implementation and for monitoring compliance. The policy is on the Company's website at [www.capplc.com](http://www.capplc.com).

## **8 CODE OF BUSINESS CONDUCT**

CAP PLC has a Code of Business Conduct. The Code forms the basis of the conduct expected of every employee of the Company and reflects our core values and principles. The Board of Directors is responsible for ensuring that the Code is communicated to, understood and observed by all employees.

### Report of the statutory Audit Committee

#### To Members of Chemical and Allied Products Plc,

In compliance with the provisions of Section 404 (7) of the Companies and Allied Matters Act No 3 of 2020 (“CAMA”), we the members of the Statutory Audit Committee of Chemical and Allied Products PLC (the “Company”) hereby report that we have exercised our statutory functions under Section 404 (7) of CAMA and acknowledge the cooperation of Management and Staff in the conduct of these responsibilities.

#### Specifically, we confirm that:

1. The accounting and reporting policies of the Company are in compliance with IFRS Accounting Standards as issued by International Accounting Standards Board (IFRS Accounting Standards), the CAMA and the Financial Reporting Council of Nigeria (Amendment) Act, 2023
2. The scope and planning of the external audit for the year ended 31 December 2024 were satisfactory and adequate.
3. The Company maintained effective systems of accounting and internal controls during the year.
4. The Company’s Management adequately responded to matters covered in the management report issued by the external auditors.

We deliberated with the external auditors who confirmed that all necessary cooperation was received from Management and that they had issued a clean report in respect of their audit for the year ended 31 December 2024.



#### Prince Bassey Manfred

Chairman, Statutory Audit Committee

FRC/2021/PRO/AUDITCOM/002/00000022400

Dated : 27 March 2025

#### Members of the Statutory Audit Committee:

Prince Bassey Manfred	Chairman
Mr. Anthony Kanayo Katchy	Member
Mrs. Samiat Odunuga	Member
Mrs. Muhibat Abbas	Member
Mrs. Udo Okonjo	Member

### Statement of Directors' Responsibilities in relations to the Financial Statements

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and Financial Reporting Council of Nigeria (Amendment) Act, 2023

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 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.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

A handwritten signature in black ink, appearing to read "F. Ayesimoju".

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**Mr. Folasope Ayesimoju**  
Chairman  
FRC/2019/IODN/00000019806  
27 March 2025

A handwritten signature in black ink, appearing to read "B. Okunowo".

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**Mrs. Bolarin Okunowo**  
Managing Director  
FRC/2020/PRO/DIR/003/00000020616  
27 March 2025

**Statement of Corporate responsibility for the Financial Statements**

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director and Chief Financial Officer, hereby certify the financial statements of Chemical and Allied Products Plc for the year ended 31 December 2024 as follows:

- a. That we have reviewed the audited financial statements of the Company for the year ended 31 December 2024.  
That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.
- b. That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2024.
- c. That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the company, during the year ended 31 December 2024.
- d. That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited financial statements, and certify that the Company's internal controls are effective as of that date.
- e. That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.
- f. That we have disclosed to the Company's Auditors and Audit Committee there was no fraud that involved management or other employees who had a significant role in the Company's internal control.
- g.



**Mrs. Bolarin Okunowo**  
Managing Director  
FRC/2020/PRO/DIR/003/00000020616  
27 March 2025



**Mr. Sulaiman Iromini**  
Chief Financial Officer  
FRC/2024/PRO/ICAN/001/957319  
27 March 2025

**Certification of Management's Assessment of Internal Control over Financial reporting by Managing Director**

I, Mrs. Bolarin Okunowo, certify that:

- a. I have reviewed Management's Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024 of Chemical and Allied Products Plc ("the Company");  
Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material
- b. fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;  
Based on my knowledge, the financial statements, and other financial information included in this report, fairly present
- c. in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
- d. The Company's other certifying officer and I:
  - 1) are responsible for establishing and maintaining internal controls;
  - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, particularly during the period in which this report is being prepared;
  - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;
  - 4) have evaluated the effectiveness of the Company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Company's auditors and the audit committee:
  - 1) All significant deficiencies and that there are no material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - 2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system.
- f. The Company's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation.



**Mrs. Bolarin Okunowo**  
Managing Director  
FRC/2020/PRO/DIR/003/00000020616  
27 March 2025

**Certification of Management's Assessment of Internal Control over Financial reporting by Chief Financial officer**

I, Mr. Sulaiman Iromini, certify that:

- a. I have reviewed Management's Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024 of Chemical and Allied Products Plc ("the Company");
- b. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- c. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;
- d. The Company's other certifying officer and I:
  - 1) are responsible for establishing and maintaining internal controls;
  - 2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, particularly during the period in which this report is being prepared;
  - 3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;
  - 4) have evaluated the effectiveness of the Company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.
- e. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control system, to the Company's auditors and the audit committee:
  - 1) All significant deficiencies and that there are no material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and
  - 2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system.
- f. The Company's other certifying officer and I have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation.



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**Mr. Sulaiman Iromini**  
Chief Financial Officer  
FRC/2024/PRO/ICAN/001/957319  
27 March 2025

### **Management’s Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024**

The management of Chemical and Allied Products Plc is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Investment and Securities Act 2007 and the Financial Reporting Council (Amendment) Act, 2023.

The management of Chemical and Allied Products Plc assessed the effectiveness of our internal control over financial reporting as of 31 December 2024 using the criteria set forth in Internal Control—2013 Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“the COSO Framework”) and in accordance with the SEC Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act, 2007.

As of 31 December 2024, the management of Chemical and Allied Products Plc did not identify any material weakness in its assessment of internal control over financial reporting.

As a result, management has concluded that, as of 31 December 2024, the Company’s internal control over financial reporting was effective.

The Company’s independent auditor, KPMG Professional Services, who audited the financial statements included in this Annual Report, issued an unmodified conclusion on the effectiveness of the Company’s internal control over financial reporting as of 31 December 2024 based on the limited assurance engagement performed by them. KPMG Professional Services’ limited assurance report appears on pages 28 – 29 of the Annual Report.

#### ***Changes in Internal Control Over Financial Reporting***

There were no changes in our internal control over financial reporting that occurred subsequent to the date of our evaluation of the effectiveness of internal control over financial reporting that significantly affected, or are reasonably likely to significantly affect, the Company’s internal control over financial reporting



**Mrs. Bolarin Okunowo**  
Managing Director  
FRC/2020/PRO/DIR/003/00000020616  
27 March 2025



**Mr. Sulaiman Iromini**  
Chief Financial Officer  
FRC/2024/PRO/ICAN/001/957319  
27 March 2025



**KPMG Professional Services**  
KPMG Tower  
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## **Independent Auditor’s Limited Assurance Report**

### **To the Shareholders of Chemical and Allied Products Plc**

### **Report on Limited Assurance Engagement Performed on Management’s Assessment of Internal Control Over Financial Reporting**

#### **Conclusion**

We have performed a limited assurance engagement on whether internal control over financial reporting of Chemical and Allied Products Plc (“the Company”) as of 31 December 2024 is effective in accordance with the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (“the COSO Framework”) and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Chemical and Allied Products Plc’s internal control over financial reporting as of 31 December 2024 is not effective, in all material respects, in accordance with the criteria established in the COSO Framework and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

#### **Basis for conclusion**

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB) and the Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. Our responsibilities are further described in the “Our responsibilities” section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

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

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

#### **Other matter**

We have audited the financial statements of Chemical and Allied Products Plc in accordance with the International Standards on Auditing, and our report dated 29 March 2025 expressed an unmodified opinion of those financial statements. Our conclusion is not modified in respect of this matter.



### **Responsibilities for Internal Control over Financial reporting**

The Board of Directors of Chemical and Allied Products Plc is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on the Effectiveness of Internal Control over Financial Reporting. Our responsibility is to express a conclusion on the Company's internal control over financial reporting based on our assurance engagement.

### **Our responsibilities**

The Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting ("the Guidance") requires that we plan and perform the assurance engagement and provide a limited assurance report on the Company's internal control over financial reporting based on our assurance engagement.

### ***Summary of the work we performed as the basis for our conclusion***

We exercised professional judgment and maintained professional skepticism throughout the engagement. As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

### **Definition and Limitations of Internal Control Over Financial reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

- i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- iii. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Signed:**

**Mohammed M. Adama, FCA**  
FRC/2012/ICAN/00000000443  
For: KPMG Professional Services  
Chartered Accountants  
29 March 2025  
Lagos, Nigeria





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## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of **Chemical and Allied Products Plc**

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of **Chemical and Allied Products Plc** ("the Company"), which comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

#### ***Basis for Opinion***

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

#### ***Key Audit Matters***

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.



<b>1. Property, Plant and Equipment</b>	
Refer to material accounting policies (Note2.3) and related disclosures (Note 14) of the financial statements	
<b>The Key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The carrying amount of Property, plant and Equipment (PPE) as at 31 December 2024, is N3.4 billion representing 17% of the total assets as disclosed in Note 14 to the financial statements. This balance is significant to the company.</p> <p>We focused on this are due to the following:</p> <ul style="list-style-type: none"> <li>• The Company had significant additions and reclassifications within PPE during the year, materially driven by the completion of the plant expansion project for Sandtex and Caplux paints and acquisition of vehicles. This requires careful consideration of capitalization dates.</li> <li>• Accurately determining when an asset is available for use and should be capitalized requires judgment and analysis of various factors, including the nature of the asset, the completion of construction activities, and the availability of supporting documentation such as contractor certifications.</li> <li>• Assessing the useful lives of diverse assets requires judgment.</li> </ul>	<ul style="list-style-type: none"> <li>• We agreed selected PPE additions, reclassifications, disposals, transfers and other key PPE movements to supporting documentation; and evaluated the reasonableness of the capitalization policies by checking that they are in line with the relevant accounting standards.</li> <li>• We tested the accuracy and completeness of the property, plant and equipment register by agreeing the balances to the general ledger.</li> <li>• We inspected the plant expansion project documentation for Sandtex and Caplux paints projects to determine the progress of construction and assess the appropriateness of the depreciation start date.</li> <li>• We checked documentation relating to capitalization dates and assessed the appropriateness of depreciation start dates in line with relevant accounting standard.</li> <li>• We assessed the appropriateness of depreciation policies by comparing to companies in the same industry.</li> <li>• We tested the accuracy of depreciation expenses by recomputing the depreciation charge for the year.</li> <li>• We performed physical inspections over selected PPE items to confirm existence of the PPE.</li> <li>• We assessed the appropriateness and adequacy of the disclosures in the financial statements as required by the relevant accounting standard.</li> </ul>

**Other Information**

The Directors are responsible for the other information. The other information comprises the Corporate Information, Financial Highlights, Report of the Directors, Corporate Governance Report, Report of the Statutory Audit Committee, Statement of Directors’ Responsibilities in Relation to the Financial Statements, Statement of Corporate Responsibility for the Financial Statements, Certification of Management’s Assessment of Internal Control over Financial reporting by Managing Director, Certification of Management’s Assessment of Internal Control over Financial reporting by Chief Financial officer, Management’s Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2024, and Other National Disclosures, but does not include the financial statements and our auditor’s report thereon.



Other information also include Chairman's Statement, CEO's Statement, Retail Outlets, Our Product Offerings, Directors' Profile, Sustainability Report, Corporate Social Responsibility Report, together the "outstanding reports", which are expected to be made available to us after that date.

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

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 on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### ***Responsibilities of the Directors for the Financial Statements***

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, 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.

#### ***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 skepticism 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 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 the Statutory Audit Committee 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 the Statutory Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Statutory Audit Committee, 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**

*Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020*

- i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- 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.

#### ***Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting***

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of 31 December 2024. The work performed was done in accordance with ISAE 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 29 March 2025. The report is included on pages 28 and 29 of the annual report.

**Signer:**

**Mohammed M. Adama, FCA**  
FRC/2012/ICAN/00000000443  
For: KPMG Professional Services  
Chartered Accountants  
29 March 2025  
Lagos, Nigeria



**Chemical and Allied Products Plc**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Year Ended 31 December**



	Notes	2024 N'000	2023 N'000
Revenue	5	36,362,182	23,890,279
Cost of sales	7i	(21,596,084)	(14,878,476)
<b>Gross profit</b>		<b>14,766,098</b>	<b>9,011,803</b>
Impairment (loss)/reversal on trade and other receivables	18a	(55,312)	31,907
Selling and marketing expenses	7iii	(3,534,931)	(2,363,046)
Administrative expenses	7ii	(6,163,059)	(3,960,948)
Other income	6	436,824	533,313
<b>Operating profit</b>		<b>5,449,620</b>	<b>3,253,029</b>
Finance income	9	644,762	681,245
Finance cost	10	(30,134)	(155,346)
Net finance income		<b>614,628</b>	<b>525,899</b>
<b>Profit before taxation</b>		<b>6,064,248</b>	<b>3,778,928</b>
Income tax expense	11	(2,256,990)	(1,264,192)
<b>Profit for the year</b>		<b>3,807,258</b>	<b>2,514,736</b>
<b>Other comprehensive income for the year net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>3,807,258</b>	<b>2,514,736</b>
<b>Earnings per share for profit attributable to the equity holders of the company:</b>			
Basic and diluted Earnings Per Share (kobo)	13	467	309

The accompanying notes to the financial statements form part of these financial statements.

**Chemical and Allied Products Plc**  
**Statement of Financial Position**  
**As At 31 December**



		2024 N'000	2023 N'000
<b>Assets</b>	<b>Notes</b>		
<b>Non-current assets</b>			
Property, plant and equipment	14.1	3,377,677	1,990,608
Right of use assets	16	6,850	7,028
Intangible assets	15	266,475	327,648
Finance lease receivable	18b	10,372	10,372
		<b>3,661,374</b>	<b>2,335,656</b>
<b>Current assets</b>			
Inventories	17	6,648,523	5,019,523
Trade and other receivables	18a	1,179,836	948,385
Prepayments	19	1,172,711	1,846,529
Cash and cash equivalents	20	7,014,735	4,996,425
		16,015,805	12,810,862
Assets held for sale	14.2	-	227,003
		16,015,805	13,037,865
<b>Total assets</b>		<b>19,677,179</b>	<b>15,373,521</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease Liability	26	7,959	7,959
Employee benefit obligations	23	277,824	-
Deferred tax liabilities	25	844,200	489,094
		1,129,983	497,053
<b>Current liabilities</b>			
Trade and other payables	21	4,554,041	4,141,179
Provisions	22	133,254	100,254
Current income tax liabilities	11	1,919,902	1,121,788
Borrowings	28	-	39,830
Dividend payable	12	1,303,512	1,503,710
		7,910,709	6,906,761
<b>Total liabilities</b>		<b>9,040,692</b>	<b>7,403,814</b>
<b>Equity</b>			
Ordinary share capital	24	407,374	407,374
Share premium	24	523,850	523,850
Other Reserves from business combination	24	968,267	968,267
Retained Earnings		8,736,996	6,070,216
<b>Equity attributable to equity holders of the Company</b>		10,636,487	7,969,707
<b>Total equity</b>		<b>10,636,487</b>	<b>7,969,707</b>
<b>Total equity and liabilities</b>		<b>19,677,179</b>	<b>15,373,521</b>

  
**Mr. Folasade Aiyesimoju**  
 Chairman

  
**Mrs. Bolarin Okunowo**  
 Managing Director

  
**Mr. Sulaiman Iromini**  
 Chief Financial Officer

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FRC/2020/PRO/DIR/003/00000020616

FRC/2024/PRO/ICAN/001/957319

The financial statements have been approved and authorised for issue by the Board of Directors on 27 March 2025.

The accompanying notes to the financial statements form part of these financial statements.

**Chemical and Allied Products Plc**  
**Statement of Cash Flows**  
**For the Year Ended 31 December**



		2024	2023
	Notes	N'000	N'000
<b>Profit for the year</b>		3,807,258	2,514,736
Adjustments for:			
Depreciation of property, plant and equipment	14.1	655,239	418,584
Depreciation of right of use assets	16	178	4,178
Amortization of intangible assets	15	77,589	74,943
Profit on sale of property, plant & equipment	6	(31,805)	(43,703)
Profit on sale of assets held for sale	6	(9,747)	(2,873)
Finance costs	10	30,134	155,346
Finance income	9	(644,762)	(308,121)
Impairment loss/(reversal) on trade and other receivables	18a	55,312	(31,907)
Write down and write off on inventory	7ii	153,633	387,658
Claim expense	22	33,000	100,254
Long term employee benefit charge	23	277,824	-
Income tax expense	11	1,901,884	1,103,770
Deferred tax expense	11	355,106	160,422
<b>Cash from operations before working capital changes</b>		<b>6,660,843</b>	<b>4,533,287</b>
<b>Changes in:</b>			
Inventories	17	(1,782,633)	(306,385)
Trade and other receivables	18a	(286,763)	(88,771)
Finance lease receivable		-	600
Trade and other payables	21	873,178	855,944
Prepayments		673,818	(548,964)
<b>Cash generated from operations</b>		<b>6,138,443</b>	<b>4,445,711</b>
Income taxes paid	11	(1,103,770)	(864,354)
<b>Net cash generated from operating activities</b>		<b>5,034,673</b>	<b>3,581,357</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment	14	(1,864,845)	(713,267)
Proceeds from sale of property plant and equipment		45,180	71,269
Proceeds from sale of assets held for sale		45,912	14,009
Purchase of intangible Assets		(16,416)	(7,770)
Interest received	9	184,446	308,123
<b>Net cash flow used in investing activities</b>		<b>(1,605,723)</b>	<b>(327,636)</b>
<b>Cash flows from financing activities</b>			
Dividend paid	12	(1,262,859)	(1,262,859)
Dividends transferred to the registrar	12	(185,633)	-
Dividend refunded by the registrar	12	107,816	96,443
Repayment of lease liabilities	26	(1,452)	(2,759)
Proceeds from borrowings	28	750,000	226,958
Interest paid	28	(28,682)	(153,918)
Principal repayment on borrowings	28	(789,830)	(922,239)
<b>Net cash flow used in financing activities</b>		<b>(1,410,640)</b>	<b>(2,018,374)</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,018,310</b>	<b>1,235,347</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>20</b>	<b>4,996,425</b>	<b>3,761,078</b>
<b>Cash and cash equivalents at end of period</b>	<b>20</b>	<b>7,014,735</b>	<b>4,996,425</b>

The accompanying notes to the financial statements form part of these financial statements.

Statement of Changes in Equity

	Share Capital N'000	Share Premium N'000	Other Reserves N'000	Retained Earnings N'000	Total Equity N'000
<b>At 1 January 2023</b>	<b>407,374</b>	<b>523,850</b>	<b>968,267</b>	<b>4,700,112</b>	<b>6,599,603</b>
Profit for the year	-	-	-	2,514,736	2,514,736
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,514,736</b>	<b>2,514,736</b>
<b>Transaction with owners:</b>					
Dividend proposed and paid	-	-	-	(1,262,859)	(1,262,859)
Write back of stature barred dividend	-	-	-	118,227	118,227
<b>Balance at 31 December 2023</b>	<b>407,374</b>	<b>523,850</b>	<b>968,267</b>	<b>6,070,216</b>	<b>7,969,707</b>
Balance at 1 January 2024	407,374	523,850	968,267	6,070,216	7,969,707
Profit for the year	-	-	-	3,807,258	3,807,258
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,807,258</b>	<b>3,807,258</b>
<b>Transactions with owners:</b>					
Dividend paid	-	-	-	(1,262,859)	(1,262,859)
Write back of stature barred dividend	-	-	-	122,381	122,381
<b>Balance at 31 December 2024</b>	<b>407,374</b>	<b>523,850</b>	<b>968,267</b>	<b>8,736,996</b>	<b>10,636,487</b>

The accompanying notes to the financial statements form part of these financial statements.

## **1 General information**

### **1.1 Reporting Entity**

Chemical and Allied Products Plc ('the Company') is a company incorporated in Nigeria. The Company is involved in the manufacturing and sale of paints. The address of the registered office is 2 Adeniyi Jones Avenue, Ikeja, Lagos.

The company is a public liability company, which is listed on the Nigerian Exchange domiciled in Nigeria.

The Parent Company is UACN Plc, a Nigerian Company listed on the Nigerian Exchange.

### **1.2 Basis of accounting**

#### **i) Statement of compliance**

The financial statements of Chemical and Allied Products Plc have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023. The financial statements, which were prepared on a going concern basis, were authorized for issue by the Company's board of directors on 27 March 2025. Details of the Company's accounting policies, including changes thereto are included in Note 2.

#### **ii) Basis of measurement**

The financial statements have been prepared in accordance with the going concern assumption under the historical cost concept except for the following items, which are measured on an alternative basis on each reporting date:

- Non- derivative financial instruments - initially measured at fair value and subsequently at amortised cost.
- Long term employee benefits - present value of the obligation
- Inventory - lower of cost and net realizable value
- Lease liabilities - measured at present value of future lease payments

### **1.3 Functional and Presentation Currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira (N), which is the Company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise indicated.

## **2 Material accounting policies**

### **2.1 Leases**

The Company applies a single recognition and measurement approach for all leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**2 Material accounting policies (continued)**

**2.1 Leases (Continued)**

**Company as a lessee**

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

**i) Right-of-use assets (ROU)**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Land 40 to 99 years
- Shop Space 5years

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.6 *Impairment of non-financial assets*.

**ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for 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 lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

## **2 Material accounting policies (continued)**

### **iii) Short-term leases and leases of low-value assets**

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases.

#### **Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. This has been recognised as finance lease receivable.

## **2.2 Foreign currency translation**

### *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are generally recognised in profit or loss and presented within finance income or finance cost.

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 OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income related to financial instruments.

## **2.3 Property, plant and equipment**

### **Recognition and measurement**

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

**2 Material accounting policies (continued)**

**2.3 Property, plant and equipment (continued)**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

***Subsequent expenditure***

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

**Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Building on leasehold land	Shorter of useful life and lease terms (40 to 99 years)
Plant and machinery	3 to 43 years
Furniture and fittings	3 to 6 years
Tinting equipment	4 years
Motor vehicles	4 to 6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Asset under construction are disclosed as Capital Work in Progress and are not depreciated.

Depreciation begins when the asset is available for use and continues until the asset is derecognised, even if it is idle.

**Derecognition**

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**2 Material accounting policies (continued)**

**2.4 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

<b>Asset</b>	<b>Useful Life</b>
Trademark	Indefinite
Acquired Computer Software	5years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

***Acquired Computer Software***

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the directors intend to complete the software product and use it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

## **2 Material accounting policies (continued)**

### **2.4 Intangible assets (continued)**

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

### **2.5 Impairment of non-financial assets**

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

When the carrying amount of an asset or Cash Generating Unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

### **2.6 Financial Instruments**

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

#### **2.6.1 Financial Assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as 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.

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.

## **2 Material accounting policies (continued)**

### **Financial Instruments-initial recognition and subsequent measurement**

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.

#### **Subsequent Measurement**

For purposes of subsequent measurement, financial assets are classified into 1 category:

- Financial assets at amortised cost (debt instruments)

#### **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; and
- 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 (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, other receivables, 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 group 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.

## **2 Material accounting policies (continued)**

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 note to Trade receivables Note 18a.

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.

ECLs are recognised in two stages. 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).

For trade receivables and contract assets, 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), other receivables and short-term deposits, 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.

## **2 Material accounting policies (continued)**

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The mechanics of the ECL calculations for receivable from related parties and other non-trade receivables are outlined below and the key elements are, as follows:

- PD- the probability of default is an estimate of the likelihood of default over a given time horizon.
- EAD- the exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.
- LGD- the loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

### **Write-off policy**

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

### **2.6.2 Financial Liabilities** - 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 trade and other payables, loans and borrowings including bank overdrafts.

### **Subsequent measurement**

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

#### **Financial liabilities at amortized cost**

These includes trade and other payables, loans payables and borrowings. Trade payables are classified as current liabilities due to their short term nature.

## **2 Material accounting policies (continued)**

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

### **Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is 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.

## **2.7 Inventories**

Inventories are stated at the lower of cost and estimated net realisable value. Cost is calculated based on the actual cost that comprises cost of direct materials and where applicable, direct labour costs 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 realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Write offs and write down allowances are recognized in profit or loss for obsolete items, damaged or slow moving items where applicable, in the period they occur.

## **2.8 Cash and cash equivalents**

Cash and cash equivalents includes cash at bank and in hand plus short-term deposits. Short-term deposits have a maturity of less than three months from the date of acquisition, are readily convertible to cash and are subject to an insignificant risk of change in value.

## **2.9 Provisions, Contingent liabilities and Contingent assets**

Provisions are recognised when:

the Company has a present obligation as a result of a past event

it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

- a reliable estimate can be made of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## **2 Material accounting policies (continued)**

The unwinding of the discount is recognised as finance cost. The amount of a provision is the present value of the expenditure expected to 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 risks 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 cashflows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

### **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events and 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 a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

### **Contingent Assets**

A contingent asset is a possible asset that arises from past events, and 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 entity.

## **2.10 Share capital**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. The use of the share premium account is governed by Companies and Allied Matters Act (CAMA), 2020. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

## **2 Material accounting policies (continued)**

### **2.11 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax. It includes tax payable on current year's profit plus adjustment in respect of previous years.

#### **2.11.1 Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in future years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period and is assessed as follows;

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the Company during the year).

#### **Minimum tax**

Minimum tax is payable by companies having no taxable profits for the year or where the tax on profits is below the minimum tax. Minimum tax is calculated by applying 0.5% on Company's turnover.

#### **2.11.2 Deferred tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary 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.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## **2 Material accounting policies (continued)**

### **2.11.3 Current and deferred tax for the year**

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### **2.12 Employee benefits**

The company operates a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. 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.

#### *(a) Defined contribution schemes*

i) Statutory contributions (Note 8): The Pensions Reform Act of 2014 requires all companies to pay a minimum of 10% of employees monthly emoluments and the employee to pay a minimum of 8% of monthly emoluments (basic salary, housing and transport allowance) to a pension fund on behalf of all full time employees.

The contributions are recognised as employee benefit expenses as services are rendered by employees. The company has no further payment obligation once the contributions have been paid. Employee contributions are funded through payroll deductions.

#### *(b) Productivity incentive and bonus plans*

All full time staff are eligible to participate in the productivity incentive scheme. The company recognises a liability and an expense for bonuses and productivity incentive, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

#### *(c) Termination benefits*

Termination benefits are recognised as an expense when it is paid under involuntary resignation or when the Company is committed to a formal detailed plan to terminate employment before the normal retirement date.

#### *(d) Short term employee benefits*

Short term employee benefit obligations are expensed without deduction as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and or the obligation can be estimated reliably.

#### *(e) Other long term employee benefits (Long term incentive plan)*

Other long term employee benefits relates to long term incentive plan (LTIP) instituted by the Company to incentivise key management staff upon the accomplishment of set objectives. Payouts under the LTIP are expected at the end of the third and fifth years. The liability recognised under the scheme is estimated and discounted to its present value. The related interest cost is included as part of finance cost in the profit or loss.

## **2 Material accounting policies (continued)**

### **2.13 Revenue From Contracts with Customers (IFRS 15)**

The Company is involved in the manufacturing and sale of paints.

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

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

#### **Sale of Paints**

The Company manufactures and sells paints and other decoratives. Revenue are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit term is 30 to 60 days upon delivery. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The paint is often sold with volume rebates based on aggregate sales over a three months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume rebates. The Company normally transfer the products to the customers premises as part of the sales incentive which is a logistics discount. The logistic discount which is the transport cost paid on behalf of the customer is recognised as a reduction to revenue for the related goods. 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 (if any). In determining the transaction price for the sale of paint, the Company considers the existence of significant financing components and consideration payable to the customer (if any).

#### **i) Variable Consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of paint and other decorative provide customers with a right of return and usage based fees (management fee). The rights of return and usage based fees give rise to variable consideration.

**2 Material accounting policies (continued)**

***Rights of return***

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer, as at 31 December 2024 no performance obligation is outstanding however, we have assessed our revenue as at year end and recognised return assets in the statements of financial position and the corresponding entry was adjusted in the revenue as required by IFRS 15.

***Customer Usage***

The Company has contracts where support staffs are located in the colour centres/shops that belongs to its numerous customers. The fee charged is based on a constant rate on sales made by the customer. The total transaction price of service cost rendered by Company would be variable since the contracts have range of possible transaction prices arising from different volume purchased even though the rate per unit/band is fixed. The Company estimates the variable consideration using the expected value (i.e. a probability weighted amount) because this method best predicts the amount of consideration.

ii) **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.

**Application of paints**

The Company provides service of application of paints to its customers. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised by measuring progress using the input method that is labour hours.

Using the practical expedient in IFRS 15 for the application of paints, the Company has elect to recognise revenue based on the amount invoiced to the customer since the Company has a right to consideration from its customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

**Contract Balances**

**Trade Receivables**

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

## **2 Material accounting policies (continued)**

### **Assets and liabilities arising from rights of return**

#### **Right of return assets**

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

#### **Refund Liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

#### **Cost to obtain a contract**

The Company pays sales commission to its employees for each contract that they obtain for sales of paint. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under employee benefits and part of selling and distribution) because the amortisation period of the asset that the Company otherwise would have used is one year or less.

## **2.14 Fair value measurement**

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:

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

## **2 Material accounting policies (continued)**

In some cases, if the inputs used to measure the fair value of an asset or a liability is categorised in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the basis of determination of fair values are included in Note 29 Financial Instruments - Fair Values and Financial Risk Management.

### **2.15 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders.

Dividend not claimed for over a period of 15 months are refunded back to the company and are treated as a liability in the company's financial statements. Dividend that remain unclaimed for twelve years become statute barred and are written back to retained earnings.

### **2.16 Earnings per Share**

Basic earnings per share is computed by dividing the profit or loss attributable to owners of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company, by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

### **2.17 Assets held for sale**

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

## **2 Material accounting policies (continued)**

### **Derecognition of assets held for sale and recognition of gain or loss on remeasurement**

An asset (or disposal group) classified as held for sale is derecognized when it is disposed of, signifying the transfer of control to another party, typically through legal ownership transfer; when the criteria for held-for-sale classification are no longer met, such as a decision not to sell or distribute the asset or the sale no longer being highly probable within one year; or when no future economic benefits are expected from its disposal, as in cases of abandonment or permanent withdrawal from use and sale.

### **Gain or loss on remeasurement**

When an asset (or disposal group) is initially classified as held for sale, or when its fair value less costs to sell is subsequently remeasured, any resulting impairment loss is recognized in profit or loss. This impairment loss is calculated as the difference between the carrying amount and the fair value less costs to sell.

A gain is recognized for any subsequent increase in fair value less costs to sell of an asset (or disposal group) classified as held for sale, but not in excess of the cumulative impairment loss that has been previously recognized. This gain is recognized in profit or loss.

**Reclassification from Assets Held for Sale:** If the criteria for held for sale are no longer met, the asset (or disposal group) is reclassified as held for use. The asset (or disposal group) is measured at the lower of its carrying amount before it was classified as held for sale, adjusted for any depreciation, amortization, or revaluation that would have been recognized had the asset not been classified as held for sale, and its recoverable amount at the date of the subsequent decision not to sell. Any resulting adjustment is recognized in profit or loss.

The gain or loss arising from the derecognition or remeasurement of assets held for sale is presented in profit or loss within the statement of comprehensive income, consistent with the nature of the asset being disposed of.

## **2.18 Prepayments**

Prepayments are non-financial assets which result when payments are made in advance of the receipt of goods and services. They are recognised when the Company expects to receive future economic benefits equivalent to the value of the prepayments. The receipt or consumption of the services results in a reduction in the prepayment and a corresponding increase in expenses or assets for that reporting period.

## **2.19 Operating profit**

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

## 2 Material accounting policies (continued)

### 2.20 Finance income and finance costs

The Company's finance income and finance costs include:

- Interest income
- Interest expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

## 3 Standards and Interpretations

### 3.1 Standards effective in the year

There were no new accounting standards and interpretations that had a material impact on the financial statements for the year ended 31 December 2024.

### 3.2 Accounting standards issued but not yet effective

A number of new accounting standards are effective for annual reporting periods beginning after 1 January 2024 and early application permitted. However, the Company has not early adopted the following new or amended accounting standards in preparing these financial statements:

Standard/Interpretation	Description of standards/interpretation	Date issued by IASB	Effective date Period beginning after	Summary of the requirements and impact assessment
Amendments to IAS 21	Lack of Exchangeability	August 2023	1 January 2024	<p>The amendments clarifies:</p> <ul style="list-style-type: none"> <li>• when a currency is exchangeable into another currency; and</li> <li>• how a company estimates a spot rate when a currency lacks exchangeability.</li> </ul> <p>Assessing exchangeability: When to estimate a spot rate A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate.</p> <p>Estimating a spot rate: Meeting the estimation objective A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate.</p> <p>Therefore, when estimating a spot rate a company can use:</p> <ul style="list-style-type: none"> <li>• an observable exchange rate without adjustment; or</li> <li>• another estimation technique.</li> </ul> <p>Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include:</p> <ul style="list-style-type: none"> <li>• the nature and financial impacts of the currency not being exchangeable</li> <li>• the spot exchange rate used;</li> <li>• the estimation process; and</li> <li>• risks to the company because the currency is not exchangeable.</li> </ul> <p>These amendments are not expected to have a material impact on the financial statements.</p>

### 3 Standards and Interpretations (Continued)

Standard/Interpretation	Description of standards/interpretation	Date issued by IASB	Effective date Period beginning after	Summary of the requirements and impact assessment
Amendments to IFRS 9 and IFRS 7	<b>Classification and Measurement of Financial Instruments</b>	May 2024	1 January 2026	<p>The amendments to IFRS 9 'Financial Instruments' and IFRS 7 'Financial Instruments: Disclosures', primarily focus on enhancing disclosure requirements, particularly those related to supplier finance arrangements and credit risk disclosures.</p> <p>These amendments are not expected to have any material impact on the financial statements</p>
IFRS 18	<b>Presentation and Disclosure in Financial Statements</b>	April 2024	1 January 2027	<p>The new standard introduces the following key new requirements:</p> <ul style="list-style-type: none"> <li>• It promotes a more structured income statement, in particular, it introduces a newly defined 'operating profit' subtotal and a requirement for all income and expenses to be classified into three new distinct categories, operating, investing, and financing, based on a company's main business activities.</li> <li>• All companies are required to report the newly defined 'operating profit' subtotal – an important measure for investors' understanding of a company's operating results – i.e. investing and financing results are specifically excluded. This means that the results of equity-accounted investees are no longer part of operating profit and are presented in the 'investing' category.</li> <li>• Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements.</li> <li>• Enhance guidance is provided on how to group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. Companies are discouraged from labelling items as 'other' and will now be required to disclose more information if they continue to do so.</li> <li>• Companies are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.</li> <li>• It also requires Companies to analyse their operating expenses directly on the face of the income statement – either by nature, by function or using a mixed presentation. If any items are presented by function on the face of the income statement (e.g. cost of sales), then a company provides more detailed disclosures about their nature.</li> </ul> <p>The Company is yet to carry-out an assessment to determine the impact that the amendments could have on its business; however, the Company will adopt the standard for the year ending 31 December 2027.</p>

## 4 Significant judgements and estimates

### 4.1 Significant estimates

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. In the process of applying the Company's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas where judgment and estimates are significant to the financial statements are as follows:

#### **Expected credit losses on trade receivables**

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 18a.

#### **Property, plant and Equipment/Intangible assets**

Estimates are made in determining the depreciation/amortisation rates and useful lives of these property, plant and equipment. These financial statements have, in the management's opinion been properly prepared within reasonable limits of materiality and within the framework of the summarised material accounting policies.(refer to Note 2.3 and 2.4 for further details).

The amortisation period/useful lives of intangible assets also require management estimation.

### 4.2 Significant judgements

#### **Provisions and Contingencies**

The Company makes judgements in recognition and measurement of provisions and contingencies especially relating to key assumptions about the likelihood and magnitude of an outflow of resources. See Notes 22, 23 and 30.

## 5 Revenue

Revenue arises from sales of paints and application of paints for various customers. All sales are made in Nigeria.

**5 Revenue (continued)**

The Company's revenues are analyzed as follows:

<b>Revenue from contract with customers</b>		<b>2024</b>	<b>2023</b>
		<b>N'000</b>	<b>N'000</b>
Analysis of revenue:	Timing of revenue recognition		
Revenue from sale of paint products	Point in time	36,235,439	23,796,018
Revenue from services	Over time	126,743	94,261
		<b>36,362,182</b>	<b>23,890,279</b>

**Contract balances**

The following tables provides information about receivables, contract assets and contract liabilities from contract with customers:

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Receivables, which are included in Trade and other receivables (Note 18a)	867,843	696,629
Contract liabilities (Note 21)	(632,400)	(289,341)

The contract liabilities primarily relate to the advance consideration received from customers in connection to purchase of paint products for which revenue is recognized at a point in time. This will be recognized in revenue when the customers receive delivery of their goods which is expected to occur over the next one year subsequent to the reporting period end. The amount of revenue recognized in 2024 from contract liabilities from prior year amounted to N247.8 million (2023: N114.1 million)

**6 Other income**

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Sale of scrap items	116,159	299,972
Profit on sale of property, plant and equipment	31,805	43,703
Profit on sale of assets held for sale*	9,747	2,873
Management fees**	279,113	186,765
	<b>436,824</b>	<b>533,313</b>

\*This relates to gain from the sale of assets held for sale in Ewekoro factory.

\*\* Management fees represent income generated from services rendered by the Company to its key distributors such as: staffing, branding, etc.

**7 Expenses by nature**

<b>7i Cost of sales</b>	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Raw material consumed	18,354,061	12,748,211
Staff costs excluding directors' emoluments	407,888	323,231
Distribution cost	711,506	551,605
Royalty fees*	1,068,614	727,270
Hire of equipment	129,907	62,447
Capdec project cost	52,122	20,643
Depreciation of property, plant & equipment (Note 14)	236,433	147,883
General risk insurance premium	128,291	101,100
Direct overhead	507,262	196,086
	<b>21,596,084</b>	<b>14,878,476</b>

\* Royalty fees is charged to the company for the use of brand name on its paint product.

7ii Administrative expenses	2024 N'000	2023 N'000
Staff costs excluding directors' emoluments	2,918,827	1,667,448
Directors' emoluments (Note 8iii)	543,078	410,012
Auditors' fees*	47,200	39,405
Depreciation of property, plant and equipment (Note 14)	418,806	270,701
Amortization of intangible assets (Note 15)	77,589	74,943
Insurance	20,522	19,494
Commercial service fees (Note 27)	380,893	250,201
Computer charges	596,832	228,914
Cleaning and laundry	35,559	21,599
Security	39,258	15,536
Fuel and Oil Expenses	44,916	45,551
Other Professional/Consultancy Expenses	154,068	88,180
Postage, Printing and Telecoms	30,151	25,680
Donations	10,324	4,014
AGM/Secretariat Expenses	56,541	28,820
Casual Wages	228,038	116,330
Bank Charges Paid	25,141	18,027
Subscriptions	23,512	14,250
Write down and write off on inventory	153,633	387,658
Claims expense (Note 22)	33,000	100,254
Vehicle, canteen, legal, recruitment expense and others	325,171	133,931
	<b>6,163,059</b>	<b>3,960,948</b>

Auditors' remuneration is detailed in the table below:	2024 N'000	2023 N'000
Audit fees	34,200	27,405
Non-audit services*	13,000	12,000
	<b>47,200</b>	<b>39,405</b>

\* Non-audit services fee relates to limited assurance services provided in connection with attestation of the internal control over financial reporting.

7iii Selling and distribution expenses	2024 N'000	2023 N'000
Marketing, communication & entertainment	1,420,783	1,388,734
Tour and travelling	144,201	112,850
Redistribution Incentive	143,214	58,747
Sales Incentive*	1,142,688	492,871
Other expenses**	684,045	309,844
	<b>3,534,931</b>	<b>2,363,046</b>

\* Sales incentive represents amounts paid to the Company's partners/distributors as incentive for meeting relevant targets.

**\*\* Other expenses**

Vehicles repairs and maintenance	529,724	252,385
Entertainment	65,180	58,268
Dealers reward, rent and sales commissions	89,141	(809)
	<b>684,045</b>	<b>309,844</b>

**8 Employee benefits**

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
<b>Staff costs include:</b>		
Wages and salaries	2,946,929	1,895,506
Long term incentive plan	277,824	-
Pension costs:		
- Defined contribution plans (Statutory)	101,962	95,173
	<b>3,326,715</b>	<b>1,990,679</b>

**8 Employee benefits (continued)**

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
<b>Total employee costs recognized in profit or loss:</b>		
Costs of sales	407,888	323,231
Administrative expenses	2,918,827	1,667,448
	<b>3,326,715</b>	<b>1,990,679</b>

**Particulars of directors and staff**

- (i) The aggregate amount stated against each category was incurred as wages and retirement benefit costs during the year.

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Management staff	2,381,744	1,570,785
Non-management staff	944,971	419,894
<b>Total</b>	<b>3,326,715</b>	<b>1,990,679</b>

The company had in its employment during the year the weekly average number of staff in each category below.

	<b>2024</b>	<b>2023</b>
	<b>Number</b>	<b>Number</b>
Management staff	144	125
Non-management staff	155	139
	<b>299</b>	<b>264</b>

- (ii) The table below shows the number of employees who earned over ₦700,000 as emoluments in the period and were within the bands stated.

8 Employee benefits (continued)

	=N=	2024 Number	2023 Number
700,001	1,000,000	30	10
1,000,001	1,400,000	5	9
1,400,001	1,800,000	5	6
1,800,001	2,200,000	21	35
2,200,001	2,400,000	6	15
2,400,001	3,000,000	39	42
3,000,001	4,000,000	47	35
4,000,001	5,000,000	30	18
5,000,001	6,000,000	17	9
6,000,001	8,000,000	30	31
8,000,001	9,000,000	12	6
9,000,001	10,000,000	9	10
10,000,001	16,000,000	25	18
16,000,001	18,000,000	2	2
18,000,001	25,000,000	10	4
30,000,001	40,000,000	7	6
40,000,000	50,000,000	3	5
50,000,001	and above	1	3
		<b>299</b>	<b>264</b>

(iii) Emoluments of directors

	2024 N'000	2023 N'000
Fees	1,725	1,725
Passage allowance	229,605	87,685
Other emoluments	311,748	320,602
	<b>543,078</b>	<b>410,012</b>

(iv) The Chairman's emoluments

45,561	19,046
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(v) Emolument of the highest paid director

193,783	139,902
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(vi) The table below shows the number of directors of the Company excluding the highest paid director and chairman, whose remuneration, excluding pension contributions, fell within the bands shown.

	₦	2024 Number	2023 Number
0 -	14,000,000	-	-
14,000,001 -	16,000,000	4	5
18,000,001 -	60,000,000	2	2
		<b>6</b>	<b>7</b>

**8 Employee benefits (continued)**  
**Key management compensation**

Key management have been defined as the executive directors.

Key management compensation includes:

Short-term employee benefits:

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
- Wages and salaries	296,923	314,102
- Allowance - Executive Directors	14,825	6,500
	<b>311,748</b>	<b>320,602</b>

The above amounts have been included in directors emoluments above.

**9 Finance income**

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Interest income on short-term bank deposits	181,146	308,122
Interest income on finance lease	3,300	3,575
	184,446	311,697
Net foreign exchange gain	460,316	369,548
	<b>644,762</b>	<b>681,245</b>

Interest income is calculated using the effective interest rate method

**10 Finance Cost**

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Lease interest expenses	1,452	1,428
Interest on borrowings	28,682	153,918
	<b>30,134</b>	<b>155,346</b>

**11 Taxation**

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
<i>Current tax expense</i>		
Nigeria corporation tax charge for the year	1,692,053	985,738
Tertiary education tax expense	208,999	117,108
Capital gain tax expense	523	735
Nigeria Police Trust Fund expense	309	189
	1,901,884	1,103,770
<i>Deferred tax expense</i>		
Origination and reversal of temporary differences	355,106	160,422
	<b>2,256,990</b>	<b>1,264,192</b>

## 11 Taxation (continued)

Corporate tax is calculated at 30% (2023: 30%) of the estimated taxable profit for the year while tertiary education tax is calculated at 3% (2023: 3%) of the estimated assessable profit for the year. The deferred tax charges recognized in the year relates to the origination and reversal of temporary difference.

### Effective Tax Reconciliation

The tax charge for the year can be reconciled to the profit per the statement of profit or loss as follows:

	2024 N'000	2023 N'000
Profit before taxation	<b>6,064,248</b>	<b>3,778,928</b>
Tax at the Nigeria corporation tax rate of 30% (2023: 30%)	1,819,274	1,133,678
Education tax at 3% of assessable profit (2023: 3%)	208,999	113,368
Non-Deductible expense	227,885	21,521
Impact of tax exempt income	-	(5,299)
Capital gain tax	523	735
Nigeria Police Trust Fund Levy	309	189
	<b>2,256,990</b>	<b>1,264,192</b>
Effective tax rate	37.2%	33.5%
	<b>2024 N'000</b>	<b>2023 N'000</b>
<b>Current income tax liabilities</b>		
Balance 1 January	1,121,788	922,800
<b>Payments during the year:</b>		
Income tax	(985,738)	(775,396)
Education tax	(117,108)	(88,675)
Nigeria Police Levy Trust Fund/Capital gains tax	(924)	(284)
<b>Total cash payment</b>	<b>(1,103,770)</b>	<b>(864,355)</b>
Withholding tax credit utilized	-	(40,427)
<b>Charge for the year:</b>		
Income tax	1,692,053	985,738
Education tax	208,999	117,108
Capital gain tax	523	735
Nigeria Police Force Trust Fund	309	189
	<b>1,901,884</b>	<b>1,103,770</b>
<b>Balance as at 31 December</b>	<b>1,919,902</b>	<b>1,121,788</b>

## 12 Dividend payable

Amounts recognised as distributions to ordinary shareholders in the year comprise:

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January	1,503,710	1,460,132
Dividend declared	1,262,859	1,262,859
Dividends transferred to registrar	(185,633)	-
Dividend refunded by the registrar*	107,816	96,443
Payment during the year	(1,262,859)	(1,262,859)
Statute barred dividend written back**	(122,381)	(52,865)
	<b>1,303,512</b>	<b>1,503,710</b>

\*The dividend refunded relates to a recall of dividend deposited with the Registrars which have stayed over and above 18 months.

\*\* Statute barred dividend written back relates to unclaimed dividends outstanding for over 12 years which have been written back to retained earnings in line with the Companies and Allied Matters Act (CAMA) 2020.

## ii. Dividend declared

Amounts recognised as distributions to ordinary shareholders in the year comprise of the below;

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January		
Approved prior year dividend	1,262,859	1,262,859
Cash payments during the year	(1,262,859)	(1,262,859)
At 31 December	-	-

## 13 Earnings per share

### (a) Basic and Diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares in issue ('000)	814,748	814,748
Profit attributable to ordinary equity shareholders (N'000)	3,807,258	2,514,736
Basic earnings per share (kobo)	467	309
(b) Diluted	467	309

There were no potentially dilutive shares outstanding at 31 December 2024. Accordingly, basic earnings per share is equal to diluted earnings per share.

14 Property, plant and equipment  
14.1 Reconciliation of carrying amount

	Leasehold Land	Buildings on leasehold land	Tinting equipment	Plant and Machinery	Furniture and fittings	Motor vehicles	Capital work-in-progress	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2023	1,412	157,856	911,807	1,105,379	579,368	1,014,684	2,808	3,773,314
Additions	-	49,050	37,602	208,458	107,810	310,348	-	713,268
Disposals	-	-	-	(74,338)	(3,948)	(114,984)	-	(193,270)
Reclassifications*	-	-	-	1,231	1,577	-	(2,808)	-
At 31 December 2023	1,412	206,906	949,409	1,240,730	684,807	1,210,048	-	4,293,312
At 1 January 2024	1,412	206,906	949,409	1,240,730	684,807	1,210,048	-	4,293,312
Additions	-	23,078	186,031	177,664	265,161	564,452	648,459	1,864,845
Disposals	-	-	(2,087)	(44)	(95,585)	(70,828)	-	(168,544)
Reclassifications*	-	110,700	-	537,759	-	-	(648,459)	-
Transfers from assets held for sale (Note 14.2)	40,000	148,967	-	1,871	-	-	-	190,838
At 31 December 2024	41,412	489,651	1,133,353	1,957,980	854,383	1,703,672	-	6,180,451
<b>Accumulated depreciation</b>								
At 1 January 2023	-	52,173	661,837	435,688	396,263	503,862	-	2,049,823
Charge for the year	-	3,646	86,771	61,111	76,367	190,689	-	418,584
Disposals	-	-	-	(60,809)	(3,052)	(101,842)	-	(165,703)
At 31 December 2023	-	55,819	748,608	435,990	469,578	592,709	-	2,302,704
At 1 January 2024	-	55,819	748,608	435,990	469,578	592,709	-	2,302,704
Charge for the year	-	6,748	130,980	118,177	129,331	270,003	-	655,239
Disposals	-	-	(2,068)	(44)	(91,445)	(61,612)	-	(155,169)
At 31 December 2024	-	62,567	877,520	554,123	507,464	801,100	-	2,802,774
<b>Net book values</b>								
At 31 December 2023	1,412	151,087	200,801	804,740	215,229	617,339	-	1,990,608
At 31 December 2024	41,412	427,084	255,833	1,403,857	346,919	902,572	-	3,377,677

\* Reclassifications relate to assets transferred to respective asset classes following completion of the expansion construction and equipment assembly.

#### 14 Property, plant and equipment (Continued)

- a) Buildings on leasehold land have an unexpired tenure of 40 years  
b) The Company had no capital commitments and no capital work in progress as at 31 December 2024 (2023: Nil)  
c) No asset of the Company was pledged as security and there are no restrictions to title on any of the Company's assets (2023: Nil).

##### 14.2 Assets held for sale

Included in the assets acquired from the merger with Portland Paints is a disposal group held for sale. These relate to part of the manufacturing factory situated in Ewekoro, Ogun state.

The disposal group comprise the following assets:

	Leasehold Land N'000	Buildings on leasehold land N'000	Plant and Machinery N'000	Furniture and fittings N'000	Total N'000
At 1 January 2023	40,000	148,967	47,466	1,706	238,139
Disposal	-	-	(9,430)	(1,706)	(11,136)
At 31 December 2023	40,000	148,967	38,036	-	227,003
At 1 January 2024	40,000	148,967	38,036	-	227,003
Disposal	-	-	(36,165)	-	(36,165)
Transfers to property, plant & equipment (Note 14.1)*	(40,000)	(148,967)	(1,871)	-	(190,838)
<b>At 31 December 2024</b>	-	-	-	-	-

In 2024, certain assets previously classified as assets held for sale were reclassified to Property, Plant, and Equipment as they no longer met the criteria for classification as 'Assets Held for Sale' under *IFRS 5, Non-current Assets Held for Sale and Discontinued Operations* following the Company's assessment that the expected sale cannot be completed within the anticipated timeframe. The carrying amount of the assets did not exceed the recoverable amount as at the date of transfer.

#### 15 Intangible assets

##### Cost:

	Software N'000	Trademark N'000	Total N'000
At 1 January 2023	370,495	49,025	419,520
Additions	7,770	-	7,770
At 31 December 2023	378,265	49,025	427,290
At 1 January 2024	378,265	49,025	427,290
Additions	16,416	-	16,416
At 31 December 2024	394,681	49,025	443,706
<b>Amortisation:</b>			
At 1 January 2023	24,699	-	24,699
Amortisation charge	74,943	-	74,943
At 31 December 2023	99,642	-	99,642
At 1 January 2024	99,642	-	99,642
Amortisation charge	77,589	-	77,589
At 31 December 2024	177,231	-	177,231
<b>Net book value</b>			
At 31 December 2023	278,623	49,025	327,648
At 31 December 2024	217,450	49,025	266,475

## **15 Intangible assets (continued)**

### **Trademark**

The Company's trademark represents the N49 million trade mark purchased from Blue Circle Industries Plc by Portland Paints & Products Plc, and acquired through the merger, which have been adjudged to have an indefinite life. The Trademark is carried at cost, without amortisation, and tested annually for impairment.

The Trademark has been assessed for impairment as part of the annual mandatory impairment testing in line with the requirements of the International Financial Reporting Standards using the value in use method.

As at 31 December 2024, the carrying value of Trademark was lower than their recoverable amount, As a result, no impairment loss on Trademark has been recognized (31 December 2023: Nil).

The recoverable amount of Trademark was determined based on a value in use calculation which uses cash flow projections based on five (5) year projections of current year free cash flows from operations and a weighted average cost of capital (WACC) of 29.3% per annum (2022: 28.7% per annum).

### **Key Forecast Assumptions**

The key inputs and assumptions used in the value in use calculations are as follows.

- Discount rate (WACC): 32.9% per annum (2023: 29.3% per annum)
- Net cash flow: The Net cash flow is based on 4-year forecast using 2024 as the base year.
- Terminal growth rate of 3.2% (2023: 3.1%).

The discount rate was based on computed WACC using the Capital Asset Pricing Model (CAPM). The net cash flows were then discounted using this rate to estimate their present values inclusive of a terminal growth value discounted to its present value thereafter. The terminal growth rate was determined based on the average Gross Domestic Product (GDP) growth rate of Nigeria for the past three (3) Decades.

Revenue growth was projected taking into account the average growth levels experienced over the past five (5) years and the estimated sales volume and price growth for the next four years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next four years.

The estimated recoverable amounts of the Trademark exceeded their carrying amount in the period under review (2023: same).

Intangible assets amortization charged to income statement amounts to N77.6 million (2023: N74.9 million) and has been included as part of administrative expenses

16 Right of Use assets	Land N'000	Shop Space N'000	Total N'000
<b>Cost</b>			
At 1 January 2023	7,740	30,000	37,740
Additions	-	-	-
<b>At 31 December 2023</b>	<b>7,740</b>	<b>30,000</b>	<b>37,740</b>
At 1 January 2024	7,740	30,000	37,740
Additions	-	-	-
<b>At 31 December 2024</b>	<b>7,740</b>	<b>30,000</b>	<b>37,740</b>
<b>Accumulated Depreciation</b>			
At 1 January 2023	534	26,000	26,534
Depreciation charge	178	4,000	4,178
<b>At 31 December 2023</b>	<b>712</b>	<b>30,000</b>	<b>30,712</b>
At 1 January 2024	712	30,000	30,712
Depreciation charge	178	-	178
<b>At 31 December 2024</b>	<b>890</b>	<b>30,000</b>	<b>30,890</b>
<b>Carrying amount</b>			
<b>At 31 December 2023</b>	<b>7,028</b>	<b>-</b>	<b>7,028</b>
<b>At 31 December 2024</b>	<b>6,850</b>	<b>-</b>	<b>6,850</b>

Right of Use Assets arise from the Company's lease arrangement with Wemabod on the piece of land where the office and warehouse is located for a non cancellable period of 100 years as well as for the joint lease of a retail store/ Dulux Colour Centre with a Trade Partner for a period of five (5) years which elapsed in 2023

17 Inventories	2024 N'000	2023 N'000
Raw materials	3,566,199	2,064,204
Intermediates	87,284	28,676
Technical stocks and spares	167,964	140,790
Containers and labels	210,794	149,637
Finished goods	2,997,082	3,154,880
Goods in Transit	183,805	-
	7,213,128	5,538,187
Write down - Inventory	(564,605)	(518,664)
	<b>6,648,523</b>	<b>5,019,523</b>

The cost of inventories recognised as an expense during the year was N18.4 billion (2023: N12.7 billion). The amount recognised as inventory write down and write off during the year was N154 million (2023: ₦388 million).

**17 Inventories (continued)**

Reconciliation of changes in inventories included in statement of cash flows:

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Movement in inventories in statement of financial position	(1,629,000)	(694,043)
Write down and write off on inventories in the year (Note 7ii)	(153,633)	387,658
	<b>(1,782,633)</b>	<b>(306,385)</b>

**18 Trade and other receivables**

**18a** Receivables due within one year

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Trade receivables	867,558	696,002
Receivables from related parties (Note 27)	285	627
	867,843	696,629
Less: provision for impairment of trade receivables	(123,361)	(72,064)
Net trade receivable	744,482	624,565
Other receivables*	123,479	129,278
Receivable from Pal Pension - Gratuity	172,741	122,111
<b>Financial assets</b>	<b>1,040,702</b>	<b>875,954</b>
Withholding tax receivable	199,366	99,152
Impairment of WHT receivable	(65,429)	(65,427)
Right of Return asset**	5,197	38,706
<b>Non financial assets</b>	<b>139,134</b>	<b>72,431</b>
	<b>1,179,836</b>	<b>948,385</b>

\*Other receivables mainly relates to interest receivable, management fees and other receivables from third parties at year end.

\*\*Right of Return Asset -This is an estimate that have been calculated under the guidelines of IFRS 15 for estimated goods sold which can be returned. The company has applied the 2 years retention policy is constitutes the life-cycle of the product. The return assets is estimated using the historical returns approach, where by the average percentage returns is applied to the cost of sales.

Movements in the provision for impairment of trade receivables are as follows:

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
At 1 January	72,064	103,971
Impairment loss/(reversal) on trade and other receivables	55,312	(31,907)
Receivable write off in the year	(4,015)	-
At 31 December 2024	<b>123,361</b>	<b>72,064</b>

The significant change in the gross carrying amounts of trade receivables contributed to the changes in the impairment loss allowance during 2024 due to the growth of the business.

**18a Receivables due within one year (continued)**

Reconciliation of changes in trade and other receivables included in statement of cash flows:

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Movement in trade and other receivables in statement of financial position	(231,451)	(120,678)
Impairment (loss)/reversal on trade and other receivables (Note 18a)	(55,312)	31,907
	<b>(286,763)</b>	<b>(88,771)</b>

**18b Receivables due after one year, finance lease receivables**

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Gross investment in lease	77,000	79,200
Unearned finance income	(66,628)	(68,828)
Net investment in lease	10,372	10,372
<b>Gross investment in lease</b>	<b>2024</b>	<b>2023</b>
Gross finance lease receivable - minimum lease receivable	<b>N'000</b>	<b>N'000</b>
- No later than 1 year	2,200	-
- 2 to 5 years	8,800	8,800
- More than 5 years	66,000	68,200
	77,000	77,000
Future finance income on lease	(66,628)	(66,628)
Present value of finance lease receivable	10,372	10,372

**18b Receivables due after one year, finance lease receivables - Cont**

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
The present value is analysed as follows:		
- No later than 1 year	-	-
- 2 to 5 years	5,910	5,910
- More than 5 years	4,462	4,462
	<b>10,372</b>	<b>10,372</b>
<b>Movement</b>		
As at 1 January	10,372	10,972
Reclassification from intercompany receivable	-	3,300
WHT received	-	(600)
Receivable for the year	-	3,300
Payment received	-	(6,600)
As at 31 December	10,372	10,372

The company has finance lease for a warehouse to a related party, MDS Logistics. The lease is for a total period of 51 years; of this period 35 years remain in the contract. The property reverts to the company at the end of the lease period.

<b>19 Prepayments</b>	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Foreign Import prepayments	439,472	836,471
Other prepayments	352,317	84,930
Advance payment to vendors	380,922	925,128
	<b>1,172,711</b>	<b>1,846,529</b>

Other prepayment mainly relates to prepaid expenses - Insurance, rent, software licences, etc.

<b>20 Cash and cash equivalents</b>	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Cash at bank	906,315	2,353,256
Short-term deposits	6,108,420	2,643,168
Total	<b>7,014,735</b>	<b>4,996,425</b>

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

<b>21 Trade and other payables</b>	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Trade payables	1,091,491	1,218,892
Royalty accrual (a)	396,962	727,270
	<b>1,488,453</b>	<b>1,946,162</b>
Employee Payables	7,277	8,220
Payable to related parties	362,902	241,241
Accrued expenses (b)	1,503,629	1,116,601
<b>Financial liabilities</b>	<b>3,362,261</b>	<b>3,312,224</b>
Advance payments received	174,621	116,603
Sundry creditors (c)	632,400	289,341
Statutory Payables (d)	375,493	357,419
Refund Liability (e)	9,266	65,592
<b>Non financial liabilities</b>	<b>1,191,780</b>	<b>828,955</b>
	<b>4,554,041</b>	<b>4,141,179</b>

## 21 Trade and other payables (continued)

	<b>2024</b>	<b>2023</b>
Average credit period taken for trade purchases (days)	30	30

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The directors consider the carrying amount of trade and other payables to approximate its fair value.

(a) Royalty accrual - This relates to commission payable to AkzoNobel Coatings International B.V. for use of technical license to produce and sell Dulux regular.

(b) Accrued expenses - relates to accruals for incentives to distributors, staff welfare, insurance claims payable, marketing expenses and expenses for running the business.

(c) Sundry creditors - relates advance from customers as at year end.

(d) Statutory payables - relates to VAT, WHT, PAYE, Pension, NHF payable as at year end.

(e) Refund liability - These are estimates that have been calculated under the guidelines of IFRS 15 for estimated goods sold which can be returned. The company has applied the 2 years retention policy as it constitutes the life-cycle of the product. The return liability is estimated using the historical returns approach, where by the average percentage returns is applied to the revenues of 2023 and 2024.

Reconciliation of changes in trade and other payables included in statement of cash flows:

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Movement in trade and other payables in statement of financial	412,862	486,396
Impact of net foreign exchange gains on trade and other	460,316	369,548
	<b>873,178</b>	<b>855,944</b>

## 22 Provisions

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Opening balance as at 1 January 2024	100,254	-
Provisions made during the year (Note 7ii)	33,000	100,254
Payment during the year	-	-
Closing balance as at 31 December 2024	<b>133,254</b>	<b>100,254</b>

This represents estimates of liabilities in relation to litigation and claims arising in the normal course of the business for which the actual amounts are not certain. Management expects the ongoing litigations to be concluded within the next financial year, accordingly the provision has not been discounted.

<b>23 Employee benefit obligations</b>	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Long term incentives	277,824	-

In 2024, the Company commenced a long term incentive plan (LTIP) instituted by the Company to incentivise key management staff upon the accomplishment of set objectives. The liability under the scheme per year is N400 million which has been discounted to its present value. The scheme has a 5 year tenure with a first payout in year 3 and the final payout in year 5.

**24 Share capital**

	<b>2024</b>		<b>2023</b>	
	Number N'000	Amount N'000	Number N'000	Amount N'000
<b>Issued and fully paid:</b>				
Ordinary shares of 50k each	814,748	407,374	814,748	407,374
Movements during the year:				
	Number of shares N'000	Ordinary shares N'000	Number of shares N'000	Ordinary shares N'000
Balance at 1 January 2024	814,748	407,374	814,748	407,374
At 31 December 2024	814,748	407,374	814,748	407,374

<b>Share premium</b>	<b>N'000</b>	<b>N'000</b>
	<b>2024</b>	<b>2023</b>
Balance at 1 January	523,850	523,850
Movement in the period	-	-
At 31 December 2024	<b>523,850</b>	<b>523,850</b>

The share premium reserve is used to recognise the amount above the par value of issued and fully paid ordinary share of the Company. The utilization of the balance on the share premium account is governed by CAMA.

<b>Reserves from business combination</b>	<b>N'000</b>	<b>N'000</b>
Balance at 1 January	968,267	968,267
At 31 December 2024	<b>968,267</b>	<b>968,267</b>

## Reserves from business combination (continued)

### Nature and purpose of reserves

In 2021, additional shares were issued to former Portland paints shareholders who opted for shares consideration. All share capital, premium and reserves from Portland paints less expenses towards completion of the merger have been captured as other reserves from business combination.

## 25 Deferred tax

### Deferred tax (assets)/liabilities as at 31 December 2024

	Opening Balance	Recognized in profit or loss	Closing Balance
	N'000	N'000	N'000
Property, plant & equipment	471,770	186,582	658,352
Provisions and allowances for inventories and receivables	(249,591)	(79,841)	(329,432)
Exchange difference	265,902	248,424	514,326
Right of use assets (IFRS 16 Leases)	1,013	(59)	954
<b>Net balance</b>	<b>489,094</b>	<b>355,106</b>	<b>844,200</b>

### Deferred tax (assets)/liabilities as at 31 December 2023

	Opening Balance	Recognized in profit or loss	Closing Balance
	N'000	N'000	N'000
Property, plant & equipment	423,776	47,994	471,770
Provisions and allowances for inventories and receivables	(208,359)	(41,232)	(249,591)
Exchange difference	112,632	153,270	265,902
Right of use assets (IFRS 16 Leases)	623	390	1,013
<b>Net balance</b>	<b>328,672</b>	<b>160,422</b>	<b>489,094</b>

## 26 Lease Liability

	2024 N'000	2023 N'000
Opening balance	7,959	9,290
Lease interest expenses	1,452	1,428
Lease payment during the year	(1,452)	(2,759)
Balance as at 31 December	7,959	7,959

<b>26 Lease Liability (continued)</b>	<b>2024</b>	<b>9290</b>
<b>Analysed into Current and Non-Current</b>	<b>N'000</b>	<b>N'000</b>
Current	-	-
Non-Current	7,959	7,959
	<u>7,959</u>	<u>7,959</u>
	<b>2024</b>	<b>9290</b>
	<b>N'000</b>	<b>N'000</b>
Gross lease liability	56,303	49,711
Interest expense not yet due	(48,344)	(41,752)
Net lease liability	<u>7,959</u>	<u>7,959</u>
	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Gross lease liability	-	-
Gross lease liability - minimum lease payable	5,226	5,226
- No later than 1 year	-	-
- 2 to 5 years	51,077	44,485
- More than 5 years	<u>56,303</u>	<u>49,711</u>

## 27 Related party transactions

The immediate and ultimate parent, as well as controlling party of the company is UAC of Nigeria Plc incorporated in Nigeria. There are other companies that are related to CAP Plc through common shareholdings and directorship.

The following transactions were carried out with related parties:

### (a) Sale of goods and services

	Relationship	Nature of transaction	Transaction value	
			<b>2024</b>	<b>2023</b>
			<b>N'000</b>	<b>N'000</b>
UAC of Nigeria Plc	Parent	Sales of paint	1,124	1,136
UAC Foods Limited	Fellow subsidiary	Sales of paint	1,437	192
Grand Cereals Ltd	Fellow subsidiary	Sales of paint	4,357	3,123
Livestock Feeds Plc	Fellow subsidiary	Sales of paint	-	2,425
MDS Logistics	Fellow subsidiary	Rental	3,300	-
UPDC	Fellow subsidiary	Sales of paint	4,632	-
			<u>14,850</u>	<u>6,876</u>

**28 Related party transactions (continued)**

(b) Purchases of goods and services

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
UAC of Nigeria Plc: Commercial service fee (Note 7ii)	380,893	250,201
	<b>380,893</b>	<b>250,201</b>

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
(d) Loan obtained from related parties		
Principal amount of loan obtained from UAC of Nigeria Plc	<b>750,000</b>	-

(c) Year-end balances arising from sales/purchases of goods/services:

	Relationship		<b>2024</b>	<b>2023</b>
			<b>N'000</b>	<b>N'000</b>
<b>Receivable:</b>				
UAC Foods Limited	Fellow subsidiary	Sales of paint	-	627
MDS Logistics	Fellow subsidiary	Rental	285	-
			<b>285</b>	<b>627</b>
<b>Payable:</b>				
UPDC	Fellow subsidiary	Sales of paint	272	3,015
UAC of Nigeria Plc	Parent	Service	362,630	241,241
			<b>362,902</b>	<b>244,256</b>

(d) Key management compensation

Key management have been determined as directors (executive and non-executive) the Chairman and other senior management that form part of the leadership team. Details of compensation are documented in note 8. There were no other transactions with key management during the year.

**28 Borrowings**

	<b>2024</b>	<b>2023</b>
	<b>N'000</b>	<b>N'000</b>
Opening balance as of 1 January	39,830	735,111
Principal repayments made during the year	(789,830)	(768,321)
Interest repayments made during the year	(28,682)	(153,918)
Loan principal additions during the year	750,000	73,040
Loan interest additions during the year	28,682	153,918
Closing balance as of 31 December	-	39,830

Loans and borrowings in 2023 was obtained from Coronation Merchant Bank to finance the Company's import finance facility requirements. The outstanding amount was paid off in 2024. The loan obtained and repaid in 2024 was from the parent company, UAC of Nigeria Plc, at principal amount of N750,000 (Note 27). The loans, for both 2023 and 2024, matured in 2024 with interest rate of 27% (2023: 25%).

## 29 Financial instruments - financial risk management and fair values

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies, and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

### 29.1 Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Risk Management Committee of the Board of Directors is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

#### (a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables and balances held with banks.

Credit risk is monitored and managed in the Company by the Finance Controller. The Company analyses the credit risk for each of her new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, the Company utilises the institutions that have sufficient reputational risk but do not strictly monitor their formal ratings. In addition the Company monitors its exposures with individual institutions and has internal limits to control maximum exposures. Credit terms are set with customers based on past experiences, payment history and reputations of the customers. Sales to retail customers are settled in cash, while only agents and corporate customers are given credits based on limits set by the Board, typically 30 days.

No credit limits were exceeded during the reporting period, and management does not expect material losses from non-performance by these counterparties.

#### Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2024 N'000	2023 N'000
Trade and other receivables* (Note 18a)	1,040,702	875,954
Finance lease receivable (Note 18b)	10,372	10,372
Cash and cash equivalents (Note 20)	7,014,735	4,996,425
	<b>8,065,809</b>	<b>5,882,751</b>

\*Non-income tax receivables and Right of return assets are not financial instruments and therefore have been excluded from trade and other receivables

The movement in the Company's impairment on trade and other receivables is shown in Note 18(a).

Cash and bank balance fall under neither past due nor impaired. The Standard & Poor's ("S&P") Long term/short term ratings of the financial institutions where bank balances are held is shown below:

	2024 N'000	2023 N'000
B-/B	7,014,735	4,996,425
Unrated	-	-
	<b>7,014,735</b>	<b>4,996,425</b>

## 29 Financial instruments - financial risk management and fair values (continued)

### 29.1 Risk management framework (continued)

A' ratings indicate a strong capacity to meet financial commitments but somewhat susceptible to adverse economic conditions and changes in circumstances.

B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.

The modifiers "+" or "-" may be appended to a rating to denote relative status within major rating categories. Bank ratings are based on Standard & Poor's ("S&P") rating as at year-end date.

#### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the factors that may influence the credit risk of its debtor base, including the default risk of the industry in which the debtors operate.

The Company has adopted a policy of only dealing with creditworthy counterparties and credit limits are set, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company considers the credit risk on its interest income receivable immaterial as it represents interest accrued to date on its term deposits yet to mature at year end held by financial institutions. The assessed expected credit loss is not material and therefore not recognized.

#### Expected credit loss assessment for Trade Receivables

The Company uses an allowance matrix to measure ECLs of trade receivables from its customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Loss rates are based on actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between the economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected life of the receivables.

The ageing of trade receivables at the reporting date including those that were past due but not impaired was as follows:

<b>As at 31 December 2024</b>	<b>Average loss rate</b>	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
		<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Current (not due)	5%	676,878	34,483	642,395
61-90 Days (past due)	31%	107,985	33,566	74,419
91-120 Days (past due)	46%	49,167	22,586	26,581
121-365 Days (past due)	70%	3,627	2,540	1,087
Over 365 days (past due)	100%	30,187	30,187	-
		<b>867,844</b>	<b>123,362</b>	<b>744,482</b>

<b>As at 31 December 2023</b>	<b>Average loss rate</b>	<b>Gross</b>	<b>Impairment</b>	<b>Net</b>
		<b>N'000</b>	<b>N'000</b>	<b>N'000</b>
Current (not due)	5%	641,444	31,082	610,362
61-90 Days (past due)	31%	13,872	4,312	9,560
91-120 Days (past due)	46%	3,235	1,486	1,749
121-365 Days (past due)	70%	9,661	6,767	2,894
Over 365 days (past due)	100%	28,417	28,417	-
		<b>696,629</b>	<b>72,064</b>	<b>624,565</b>

#### Cash and cash equivalents

The Company held cash and cash equivalents of N7.01 billion as at 31 December 2024 (2023: N4.9 billion). The Company mitigates its credit risk exposure of its bank balances by selecting and transacting with reputable banks. The expected credit loss on bank balances is not considered material. Accordingly no impairment loss was recognised (2023:Nil).

## 29 Financial instruments - financial risk management and fair values (continued)

### 29.1 Risk management framework (continued)

#### (b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

#### Liquidity Analysis

The following are the contractual maturities of financial liabilities as at reporting date, including estimated interest payments and excluding the impact of netting agreements.

#### 31 December 2024

	Carrying amount	Contractual	6 months or 6-12 months less	1-5years	Over 5years
	N'000	N'000	N'000	N'000	N'000
<b>Non-derivative financial liabilities</b>					
Trade and other payables* (Note 21)	3,362,261	3,362,261	3,362,261	-	-
Lease liability (Note 26)	7,959	56,303	-	5,226	51,077
Employee benefit obligations (Note 23)	277,824	400,000	-	400,000	-
Dividend payable (Note 12)	1,303,512	1,303,512	1,303,512	-	-

#### 31 December 2023

	Carrying amount	Contractual	6 months or 6-12 months less	1-5years	Over 5years
	N'000	N'000	N'000	N'000	N'000
<b>Non-derivative financial liabilities</b>					
Trade and other payables* (Note 21)	3,312,224	3,312,224	3,312,224	-	-
Lease liability (Note 26)	7,959	49,712	-	5,226	51,077
Borrowings (Note 28)	39,830	39,830	39,830	-	-
Dividend payable (Note 12)	1,503,710	1,503,710	-	1,503,710	-

\*Statutory payables and refund liability are not financial instruments and have therefore been excluded from trade and other payables.

#### (c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currency in which sales and purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is primarily the Naira. The currencies in which purchases and other transactions are denominated are United States Dollar (USD), South African Rand (ZAR) and Euro (EUR). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying foreign currencies at spot rates or entering into forward contracts when necessary to address short term imbalance.

## 29 Financial instruments - financial risk management and fair values (continued)

### 29.1 Risk management framework (continued)

#### Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the Management of the Company based on its risk management policy was as follows:

	2024				2023			
	GBP	USD	ZAR	EURO	GBP	USD	ZAR	EURO
<i>In thousands</i>								
<b>Financial Assets</b>								
Cash and cash equivalents	3	950	-	-	6	1,813	-	-
Trade and other receivables	-	74	-	-	-	-	-	-
<b>Financial Liabilities</b>								
Trade and other payables	-	(22)	(227)	-	(3)	-	(555)	(30)
<b>Net exposure</b>	<b>3</b>	<b>1,002</b>	<b>(227)</b>	<b>-</b>	<b>3</b>	<b>1,813</b>	<b>(555)</b>	<b>(30)</b>

	Average rate		Year end spot rate	
	2024	2023	2024	2023
USD	1531.50	659.29	1538.25	907.11
EURO	1652.39	687.70	1592.06	1005.44
GBP	1957.75	823.69	1925.22	1156.14
ZAR	82.19	36.14	81.97	49.00

#### Sensitivity analysis

A reasonably possible strengthening of the Naira, against the ZAR, the USD, the GBP and the Euro would have affected the measurement of financial instruments denominated in foreign currency and decreased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in thousands	2024	2023
	Increase in Profit or (loss) and equity N'000	Increase in Profit or (loss) and equity N'000
USD (At 40% weakening of the naira (2023: 10%))	616,548	164,503
EURO (At 40% weakening of the naira (2023: 10%))	-	(55,798)
GBP (At 40% weakening of the naira (2023: 10%))	2,636	393
ZAR (At 40% weakening of the naira (2023: 10%))	(7,443)	(34)

A 40 percent strengthening of the Naira (2023: 10%) against the above currencies at the reporting date would have had the equal but opposite effect to the amounts shown above.

#### Interest rate risk

The Company adopts a policy of ensuring that 80-90% interest rate risk exposure is at fixed rate. This is achieved by entering into fixed rate instruments.

Interest rate risk comprises interest price risk that results from investing at fixed rates and the interest cashflow risk that results from investments at variable rates. The Board of Directors is responsible for setting the overall duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful investment profiling and use of heterogeneous investment sources.

## 29 Financial instruments - financial risk management and fair values (continued)

### 29.1 Risk management framework (continued)

#### **Exposure to interest rate risk**

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	Nominal amount	
	2024 N'000	2023 N'000
<b>Fixed rate instruments</b>		
Short-term deposits	4,942,688	1,961,400
<b>Variable rate instruments</b>		
Short-term deposits	1,165,732	681,768
<b>Total short term deposits (Cash and cash equivalents Note 20)</b>	<b>6,108,420</b>	<b>2,643,168</b>

#### **Fair value sensitivity analysis**

The Company does not account for the short term fixed deposit financial assets at FVTPL, therefore a change in interest rates at the reporting date would not affect profit or loss. The variable financial assets are short term with daily changes to the interest rate and approximates fair value, hence changes in interest rate will not have a significant impact on the profit or loss at the reporting date.

#### **Cash flow sensitivity analysis for variable rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased/(decreased) equity and profit or loss by the amounts shown below. The analysis assumes that all other variables remain constant.

	2024 N'000	2023 N'000
<i>Effect on Profit or loss/Equity for a 100 basis points (2023: 100 basis points) increase in rate</i>	11,657	6,818
<i>Effect on Profit or loss/Equity for a 100 basis points (2023: 100 basispoints) decrease in rate</i>	(11,657)	(6,818)

### 29.2 Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to 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.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (lease liability and borrowings) . Total equity is calculated as 'equity' as shown in the statement of financial position.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	2024 N'000	2023 N'000
Total liabilities (borrowings and lease liability)	7,959	47,789
Less: cash and cash equivalents (Note 20)	(7,014,735)	(4,996,425)
<b>Adjusted net debt</b>	<b>(7,006,776)</b>	<b>(4,948,636)</b>
<b>Total equity</b>	<b>10,636,487</b>	<b>6,599,601</b>
<b>Net debt to equity ratio (%)</b>	<b>66</b>	<b>75</b>

## 29 Financial instruments - financial risk management and fair values (continued)

### 29.3 Account classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. There were no transfers between levels during the reporting period.

	2024		Fair value		
	Carrying amount	Level 1	Level 2	Level 3	
	N'000	N'000	N'000	N'000	N'000
<b>Financial assets at amortized cost</b>					
Trade and other receivables* (Note 18a)	1,040,702	-	-	-	-
Finance lease receivable (Note 18b)	10,372	-	54,256	-	-
Cash and cash equivalents (Note 20)	7,014,735	-	-	-	-
	<b>8,065,809</b>	-	<b>54,256</b>	-	-

	2024		Fair value		
	Carrying amount	Level 1	Level 2	Level 3	
	N'000	N'000	N'000	N'000	N'000
<b>Financial liabilities at amortized cost</b>					
Trade and other payables* (Note 21)	3,362,261	-	-	-	-
Lease liability (Note 26)	7,959	-	45,766	-	-
Borrowings (Note 28)	-	-	-	-	-
Employee benefit obligation (Note 23)	277,824	-	277,824	-	-
Dividend payable (Note 12)	1,303,512	-	-	-	-
	<b>4,951,556</b>	-	<b>323,590</b>	-	-

	2023		Fair value		
	Carrying amount	Level 1	Level 2	Level 3	
	N'000	N'000	N'000	N'000	N'000
<b>Financial assets at amortized cost</b>					
Trade and other receivables* (Note 18)	875,954	-	-	-	-
Finance lease receivable (Note 18b)	10,372	-	54,256	-	-
Cash and cash equivalents (Note 20)	4,996,425	-	-	-	-
	<b>5,882,751</b>	-	<b>54,256</b>	-	-

	2023		Fair value		
	Carrying amount	Level 1	Level 2	Level 3	
	N'000	N'000	N'000	N'000	N'000
<b>Financial liabilities at amortized cost</b>					
Trade and other payables* (Note 21)	3,312,224	-	-	-	-
Lease liability (Note 26)	7,959	-	45,766	-	-
Borrowings (Note 28)	39,830	-	-	-	-
Dividend payable (Note 12)	1,503,710	-	-	-	-
	<b>4,863,723</b>	-	<b>45,766</b>	-	-

\*Trade and other payables exclude statutory payables and refund liability while trade and other receivables exclude non-income tax receivables and right of return assets.

Trade and other receivables, cash and cash equivalents, trade and other payables, borrowings, and dividend payables are short term financial instruments. Accordingly, directors believes that their fair values are not expected to be materially different from their carrying values due to their short term nature and consequent immaterial impact of discounting. Accordingly no further fair value disclosures are made. The Company does not carry any financial assets or financial liabilities at fair values through profit or loss.

The fair values were determined using market related rates for leases and employee benefits in the range of 17 to 19%. There were no transfers of fair value levels during the year.

**30 Contingent liabilities**

The Company is engaged in law suits that have arisen in the normal course of business. Contingent liabilities in respect of pending litigation and other claims amounted to Nil as of 31 December 2024 (2023: Nil). The Company has assessed these claims and believe that no material loss is expected to arise from them.

Also the Company undergoes periodic tax regulatory reviews in the normal course of business. Contingent liabilities with respect to tax regulatory reviews against the Company as at year end amounted to Nil (2023: Nil).

**31 Events after the reporting period**

There are no events after the reporting date which could have had a material effect on the financial position of the Company as at 31 December 2024 that have not been adequately provided for or disclosed in these financial statements.

# Other National Disclosures

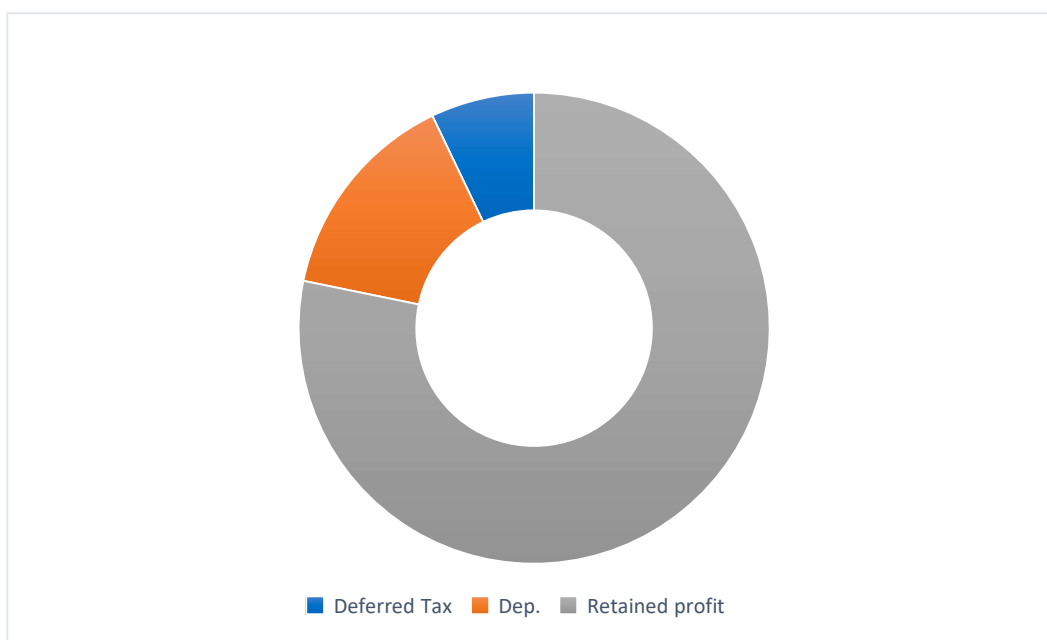
### Value Added Statement

	2024 N'000	%	2023 N'000	%
Revenue	36,362,182		23,890,279	
Finance and Other income	1,081,586		377,967	
Bought in materials and services				
Local	(19,102,890)		(12,501,063)	
Imported	(8,186,953)		(5,357,599)	
<b>Value Added</b>	<b>10,153,925</b>	<b>100</b>	<b>6,409,584</b>	<b>100</b>

### Applied as follows:

To pay employees as salaries, wages and other benefits	3,326,715	33	1,981,782	31
To pay government as taxes	1,901,884	19	1,103,770	17
To pay providers of capital as interest	30,134	0	155,346	2
Retained for replacement of assets and business growth:				
Deferred tax expense	355,106	3	160,422	3
Depreciation and amortization	732,828	7	493,527	8
Profit attributable to members	3,807,258	38	2,514,737	39
<b>Value Added</b>	<b>10,153,925</b>	<b>100</b>	<b>6,409,584</b>	<b>100</b>

Value added represents the additional wealth which the Company has been able to create by its own and its employees efforts. This statement shows the allocation of that wealth to employees, government, providers of capital and the amount retained for the future creations of more wealth.



### Five-Year Financial Summary

	2024 N'000	2023 N'000	2022 N'000	2021 N'000	2020 N'000
<b>Assets Employed</b>					
Property, plant and equipment	3,377,677	1,990,608	1,723,492	1,374,421	837,828
Right of use assets	6,850	7,028	11,206	17,384	23,562
Intangible assets	266,475	327,648	394,821	196,926	4,210
Finance lease receivable	10,372	10,372	10,372	10,372	8,766
Net current assets	8,105,096	6,131,104	4,796,256	2,984,368	3,035,980
	<u>11,766,470</u>	<u>8,466,760</u>	<u>6,936,147</u>	<u>4,583,471</u>	<u>3,910,346</u>
Lease liability	(7,959)	(7,959)	(7,874)	(7,874)	(7,876)
Employee benefit obligations	(277,824)	-	-	-	-
Deferred tax liabilities	(844,200)	(489,094)	(328,672)	(165,809)	(157,662)
	<u>10,636,487</u>	<u>7,969,707</u>	<u>6,599,601</u>	<u>4,409,788</u>	<u>3,744,808</u>
<b>Funds Employed</b>					
Share capital	407,374	407,374	407,374	394,130	350,000
Share premium	523,850	523,850	523,850	19,254	19,254
Reserves	968,267	968,267	968,267	968,267	-
Retained earnings	8,736,996	6,070,216	4,700,110	3,028,137	3,375,554
	<u>10,636,487</u>	<u>7,969,707</u>	<u>6,599,601</u>	<u>4,409,788</u>	<u>3,744,808</u>
Revenue	<u>36,362,182</u>	<u>23,890,279</u>	<u>19,208,470</u>	<u>14,207,818</u>	<u>8,876,191</u>
Profit before taxation	6,064,248	3,778,928	3,444,212	1,727,498	1,805,738
Income tax expense	(2,256,990)	(1,264,192)	(1,068,004)	(604,915)	(582,614)
Profit for the year	<u>3,807,258</u>	<u>2,514,736</u>	<u>2,376,208</u>	<u>1,122,583</u>	<u>1,223,124</u>
Profit retained	<u>3,807,258</u>	<u>2,514,736</u>	<u>2,376,208</u>	<u>1,122,583</u>	<u>1,223,124</u>
<b>Per 50k share data (kobo)</b>					
Earnings per share- Basic	467	309	292	151	175
Earnings per share- Adjusted	467	309	292	151	175