

MORISON INDUSTRIES PLC

FINANCIAL STATEMENTS

31 DECEMBER 2023

Corporate Information

Directors

Mr. Richard O. Titiloye	(Chairman)
Mr. Adesoji A. Oladejo	(Managing Director)
Engineer Charles A. Osezua (OON)	(Non-Executive Director)
Mrs. Afolake Lawal	(Non-Executive Director)
Mr. Philip Olusegun Ayeni	(Non-Executive Director)
Mr. John Adekoje	(Non-Executive Director)

Registered Office

28/30 Marison Crescent
Oregon Industrial Area
Ikeja
Lagos

Tax Identification Number 01277168-0001

Registrar and Transfer Office Cardinal Stone(Registrars) Limited
335/337, Herbert Macaulay Way
Yaba
Lagos

Auditors

BDO Professional Services
ADOL House
15 CIPM Avenue
Central Business District , Alausa
Ikeja
Lagos

Solicitors

S. B. Joseph & Co.
140 Borno Way
Ebute Metta
Lagos.

Bankers

Ecobank Nigeria Limited
Fidelity Bank Plc
Stanbic IBTC Bank Plc
Union Bank of Nigeria Plc
Wema Bank Plc
Zenith Bank Plc

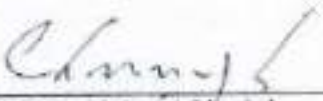
The Companies and Allied Matters Act, 2020 (As amended) requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the year and of the profit or loss for the year ended 31 December 2023, and in so doing they ensure that:

- a) Proper accounting records are maintained;
- b) Applicable accounting policies are adopted and consistently applied;
- c) Judgments and estimates made are reasonable and prudent;
- d) The going concern basis is used, unless it is inappropriate to presume that the Company will continue in business; and
- e) Internal control procedures are instituted which as far as reasonably possible, safeguard the assets of the Company and prevent and detect fraud and other irregularities.


The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS) and the requirements of the Companies and Allied Matters Act, 2020 (As amended).

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

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



TITILAYE, Richard Olaniyi
Chairman
FRC/2013/ICAH/00000003887



OLADEJO, Akinola Adesoji
Managing Director
FRC/2021/003/00000022832

In line with the provisions of Section 405 of the Companies and Allied Matters Act, 2020 (As amended); we have reviewed the audited financial statements of the Company for the year ended 31 December 2023 and based on our knowledge confirm as follows:

- a) 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;
- b) 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 operations of the Company as at and for the year ended 31 December 2023.
- c) the Company's internal controls have been designed to ensure that all material information relating to the Company is received and provided to the Auditors in the course of the audit.
- d) the Company's internal controls were evaluated within 90 days of the financial reporting date and were effective as at 31 December 2023.
- e) that we have disclosed to the Auditors that there are no significant deficiencies in the design or operations of the Company's internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have discussed with the Auditors any weaknesses in internal controls observed in the course of the Audit.
- f) that we have disclosed to the Auditors that there is no fraud involving management or other employees who have significant role in the Company's internal control; and
- g) there are no significant changes in internal controls or in other factors which could significantly affect internal controls subsequent to the date of this audit, including any corrective actions with regard to any observed deficiencies and material weaknesses



AYEGBO, Oluwafemi Olanrewaju
Financial Controller
FRC/2021/001/00000022831



OLADEJO, Akinola Adesoji
Managing Director
FRC/2021/003/00000022832

MORISON INDUSTRIES PLC
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

1. Financial Statements

The Directors hereby present their annual report on the affairs of Morison Industries Plc ("the Company"), together with the Financial Statements and Auditor's report for the year ended 31 December 2023 and that the Financial Statements have been prepared in accordance to the provisions of the International Financial Reporting Standard (IFRS).

2. Principal Activities

The principal activities of the Company continue to be the production and marketing of pharmaceuticals hygiene products including the Morigad range of Disinfectants and the importation & distribution of medical, surgical and hospital equipment, instruments and consumable throughout the country.

The Company's production facilities are also made available for third party activities under contract manufacture arrangement.

3. Operating Results

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

	2023	2022
	N'000	N'000
Revenue	145,225	154,858
Results from operating activities	(77,992)	(86,810)
Loss before Income Tax	(97,731)	(106,410)
Loss for the year	(98,724)	(107,481)
Total Comprehensive loss for the year	(98,724)	(107,481)

4. Dividend

The Directors were unable to recommend the payment of a dividend due to the Company's performance for the operating period.

5. Board of Directors

The Company is run by a Board of Six (6) Directors comprising of one (1) Executive Director and five (5) Non- Executive Directors including the Chairman who heads the Board.

The roles of the Chairman and the Managing Director/ Chief Executive Officer are distinct and the two positions are held by different persons.

MORISON INDUSTRIES PLC
 DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONT'D)

List of Board Members and attendance at meetings.

S/N	Names of Directors	No. of Meeting	27/03/23	26/07/23	26/10/23	21/12/23
1.	Mr. Richard O. Titiloye	4/4	✓	✓	✓	✓
2.	Mr. Soji Oladejo	4/4	✓		✓	✓
3.	Engr. Charles A. Osezua (OON)	4/4	✓	✓	✓	✓
4.	Mr. Ayeni Philip	4/4	✓	✓	✓	✓
5.	Mrs. Afolake Lawal	4/4	✓	✓	✓	✓
6.	Mr. John Adekoje	4/4	✓	✓	✓	✓

6. Board Committees

Pursuant to the Company's Article of Association, Directors may delegate their powers to committees as they think fit. Such Committees are required to exercise their delegated powers in conformity with the regulations laid down by the Board.

The Company has in place two (2) Board Committees namely: The Remuneration, Nomination & Governance Committee and Risk Management Committee. The Committees have written terms of reference to guide them in the performance of their duties. Each Committee reports to the Board of Directors and provides recommendations to the Board, when necessary, on matters requiring Board approval.

List of Committees members and attendance at meetings

S/N	Committee	Committee Membership	No. of Meetings/Attendance
1.	Remuneration, Nomination & Governance	Engr. C. A. Osezua (OON) Mrs. Afolake Lawal Mr. Ayeni Philip Mr. John Adekoje	2/2 2/2 2/2 2/2
2.	Risk Management	Mrs. Afolake Lawal Mr. Ayeni Philip Mr. John Adekoje Mr. Soji Oladejo	2/2 2/2 2/2 2/2

MORISON INDUSTRIES PLC
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONT'D)

7. Directors and their Interests

The Directors who served during the year and their interests in the Issued Share Capital of the Company at the year-end were as follows:

S/N	DIRECTOR'S NAME	DIRECT HOLDINGS AS AT 31/12/23	INDIRECT HOLDINGS AS AT 31/12/23	% HOLDING 31/12/23	DIRECT HOLDINGS AS AT 31/12/23	INDIRECT HOLDINGS AS AT 31/12/23	% HOLDING 31/12/23
1.	Mr. Richard O. Titiloye	95,881,888	45,460,929	14.29	95,881,888	45,460,929	9.69
2.	Engr. Charles A. Osezua (OON)	23,723,066	161,894,881	18.77	23,723,066	161,894,881	2.40
3.	Mrs. Afolake Lawal	-	125,663,401	12.71	-	125,663,401	12.71
4.	Mr. Ayeni Philip	-	60,871,500	6.15	-	60,871,500	6.15
6.	Mr. Adekoje John O.	-	-	-	-	-	-
7.	Mr. Adesoji Oladejo (MD)	-	-	-	-	-	-

*Mrs. Lawal represents the interest of GTI Securities Limited holders of 7.94% and G.Q. Sharitan Ventures Limited holders of 4.77% on the Board of Morison Industries Plc.

Mr. Ayeni Philip represents the interest of Morison Investment Limited holders of 6.15% on the Board of Morison Industries Plc.

8. Directors standing for re-election and their biographical details

The following directors will retire at the next Annual General Meeting and being eligible, offer themselves for re-election.

- (a) Mr. Richard Olaniyi Titiloye is the non-executive Chairman of the Board of Directors of Morison Industries Plc. He is a fellow of the Association of Chartered Certified Accountants of England (FCCA), a fellow of the Institute of Chartered Accountants of Nigeria (FCA) and an associate member of the Chartered Institute of Taxation of Nigeria (ACTI).

He is currently the Group Managing Director of Rich- Rotoye Group of Companies. He was appointed to the Board of Directors of Morison Industries Plc on 1 January 2012 and appointed the Chairman with effect from 15 February 2012.

- (b) Mr. John Okanlawon Adekoje

John Okanlawon Adekoje is a Process Improvement Consultant and a Quality Management System (QMS) Auditor and Consultant with Single Point Consultants Limited.

He is an Industrial Pharmacist with over 30 years of experience, he holds a diploma in Marketing and has a Master of Business Administration Degree specializing in Operations Management.

MORISON INDUSTRIES PLC
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023 (CONT'D)

He is a member of the Pharmaceutical Society of Nigeria (PSN), an Eminent Person of the Association of Industrial Pharmacists of Nigeria (NAIP) and member of the Nigerian Institute of Management (NIM). He was appointed to the Board of Morison Industries Plc. in August, 2020.

9. Statutory Audit Committee

The Committee is established to perform the functions stated in Section 404(7) of the Companies and Allied Matters Act, 2020 (As amended).

There are Five (5) members of the Committee. The representative of the shareholders is the Chairman of the Committee. The Committee met during the year under review and discharged their responsibilities well.

The table below shows the members who served on the Committee during the year and their attendance at the meetings:

Statutory Audit Committee-Attendance 2023

Names	No. of Meetings	26/1/23	27/3/23	11/9/23	24/11/23
Mr. Chuks O. Osadinizu	4/4	✓	✓	✓	✓
Mr. Benedict Ugwuode	4/4	✓	✓	✓	✓
Mr. Oluwaseun Olukoya	4/4	✓	✓	✓	✓
Mr. Ayeni Philip	4/4	✓	✓	✓	✓
Mrs. Afolake Lawal	4/4	✓	✓	✓	✓

10. Donations and gifts

Donations during the year ended 31 December 2023 were Nil (2022: N150,000).


11. Property, plant and equipment

Movements in the property, plant and equipment during the year are shown in Note 16 on page 26 and in the opinion of the Directors, the fair value of the Company's property, plant and equipment is not lower than the value disclosed in the financial statements.

12. Auditors

BDO Professional Services (Chartered Accountants) have indicated their willingness to continue in office as the Company's auditors in accordance with section 401(2) of the Companies and Allied Matters Act, 2020 (As amended). A resolution will be proposed authorizing the Directors to fix their remuneration.

BY ORDER OF THE BOARD


 BOSE AGBETU
 COMPANY SECRETARY
 FRC/2014/NBA/00000007088



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Lagos, Nigeria

**INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF MORISON INDUSTRIES PLC
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of Morison Industries Plc which comprise, the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended; and notes to the financial statements, including a summary of significant accounting policies and other explanatory notes.

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

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 the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants 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 International Ethics Standards Board Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to Going Concern

We draw your attention to Note 35 in the financial statements which indicates that the Company incurred a loss before taxation of ₦98 million during the year ended 31 December 2023 (2022: ₦106 million) and as at that date, the Company's current liabilities exceeded its current assets by ₦392 million (2022: ₦325 million). The Company also has accumulated losses of ₦838 million as at 31 December 2023 (2022: ₦739 million). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements of the current year. This matter was 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 this matter.

Revenue recognition

Risk

Revenue is recognised and posted as sales when invoices are raised irrespective of whether the goods have been delivered and the waybill endorsed by the customers. There is a risk that sales may not exist and be misstated as transfer of control may not have passed to the third party in line with the Company's accounting policies and the provisions of International Financial Reporting Standard (IFRS) 15.

Our response

- Our audit procedures in response to the risk included, amongst others:
- Confirmation of revenue cycle cut-off from goods dispatched for completeness at year end
 - For a selected sample of signed delivery notes/waybills listing in the verified store records, we:
 - Obtained details of dispatches of inventory prior to and subsequent to the year end, and confirmed that they were appropriately treated.
 - Traced delivery notes/waybills signed by the customer or its representative as maintained by Store to invoices recorded in sales ledger before and after year end.
 - Verified and confirmed that revenue and receivables were recorded in the appropriate accounting period.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Chairman's statement and Directors' report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board, and in compliance with the relevant provisions of the Financial Reporting Council of Nigeria (Amendment) Act, 2023 and the Companies and Allied Matters Act, 2020 (As amended) and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting processes.

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 a 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 International Standards on Auditing 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 International Standards on Auditing, 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 the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

* Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

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

- i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- ii) in our opinion, proper books of account have been kept by the Company, and
- iii) the Company's statement of financial position, and its statement of profit or loss and other comprehensive income are in agreement with the books of account.

Lagos, Nigeria
26 June 2024



Olugbemiga A. Akibayo, FCA
FRC/2013/ICAN/0000001076
For: BDO Professional Services
Chartered Accountants



MORISON INDUSTRIES PLC
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	2023 N'000	2022 N'000
Revenue	7	145,225	154,858
Cost of sales	8	<u>(119,940)</u>	<u>(131,355)</u>
Gross profit		25,285	23,503
Distribution expenses	9	(21,703)	(30,994)
Operating expenses	10	(136,961)	(138,580)
Other operating income	11	55,387	59,261
Loss from operations		<u>(77,992)</u>	<u>(86,810)</u>
Finance income	12	-	-
Finance expenses	12	(19,739)	(19,600)
Net finance expenses		<u>(19,739)</u>	<u>(19,600)</u>
Loss before taxation	13	<u>(97,731)</u>	<u>(106,410)</u>
Tax expense	14	<u>(993)</u>	<u>(1,071)</u>
Loss for the year		<u>(98,724)</u>	<u>(107,481)</u>
Other comprehensive income			
Items that will not be reclassified to profit or loss:		-	-
Items that will or may be reclassified to profit or loss:		-	-
Total other comprehensive income		-	-
Total comprehensive loss		<u>(98,724)</u>	<u>(107,481)</u>
Loss per share(kobo)	27	<u>(10)</u>	<u>(11)</u>

The accompanying notes on pages 8 to 31 and other national disclosures on pages 32 and 33 form an integral part of these financial statements.


Auditor's report, pages 1 to 3


MORISON INDUSTRIES PLC

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Notes	2023 N'000	2022 N'000
Assets			
Non-current assets			
Property, plant and equipment	16	1,436,971	1,469,405
Current assets			
Inventories	17	34,512	35,483
Trade and other receivables	18	37,257	48,599
Cash and cash equivalents	19	16,743	14,588
		<u>88,512</u>	<u>98,670</u>
Total assets		<u>1,525,483</u>	<u>1,568,075</u>
Liabilities			
Current liabilities			
Borrowings	20	154,123	136,398
Trade and other payables	21	323,203	285,789
Income tax payables	14(v)	2,921	1,928
		<u>480,247</u>	<u>424,115</u>
Non-current liabilities			
Employees' benefit obligations	22	515	515
Deferred tax liabilities	15	184,163	184,163
		<u>184,678</u>	<u>184,678</u>
Total liabilities		<u>664,925</u>	<u>608,793</u>
Net assets		<u>860,558</u>	<u>959,282</u>
Equity			
Share capital	23	494,580	494,580
Share premium	24	84,477	84,477
Accumulated losses	25	(837,534)	(738,810)
Revaluation reserve	26	1,119,035	1,119,035
Total equity		<u>860,558</u>	<u>959,282</u>

The financial statements and accompanying notes on pages 4 to 33 were approved and authorised for issue by the Board of Directors on 28 March 2024 and signed on its behalf by:


 TITLOYE, Richard Olaniyi
 Chairman
 FRC/2013/ICAN/00000003887


 OLADEJO, Akinola Adesoji
 Managing Director
 FRC/2021/003/00000022832


 AYEGBO, Oluwafemi Olanrewaju
 Financial Controller
 FRC/2021/001/00000022831

The accompanying notes on pages 8 to 31 and other national disclosures on pages 32 and 33 form an integral part of these financial statements.

Auditor's report, pages 1 to 3

MORISON INDUSTRIES PLC
 STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2023

	Share Capital N'000	Share Premium N'000	Accumulated Losses N'000	Revaluation Reserve N'000	Total Equity N'000
Balance at 1 January 2021	494,580	84,477	(631,329)	1,119,035	1,066,763
Comprehensive Income for the year:					
Loss for the year	-	-	(107,481)	-	(107,481)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	(107,481)	-	(107,481)
Transactions with owners recorded directly in equity	-	-	-	-	-
Total transactions with equity owners	-	-	-	-	-
Balance at 31 December 2022	494,580	84,477	(738,810)	1,119,035	959,282
	N'000	N'000	N'000	N'000	N'000
Balance at 1 January 2023	494,580	84,477	(738,810)	1,119,035	959,282
Comprehensive income for the year:					
Loss for the year	-	-	(98,724)	-	(98,724)
Other comprehensive income	-	-	-	-	-
Total comprehensive loss for the year	-	-	(98,724)	-	(98,724)
Transactions with owners, recorded directly in equity	-	-	-	-	-
Total transactions with equity owners	-	-	-	-	-
Balance at 31 December 2023	494,580	84,477	(837,534)	1,119,035	860,558

The accompanying notes on pages 8 to 31 and other national disclosures on pages 32 and 33 form an integral part of these financial statements.

Auditor's report, pages 1 to 3

1. Corporate information and principal activities

The Company was incorporated in Nigeria as a private limited liability Company on 29 June 1955 and it commenced business on the same day. It converted to a public quoted Company in 1978. Morison Investment Limited, UK, and Nigerian citizens own 6.15% and 93.85% respectively of the issued share capital of the Company.

The Company is engaged in the production and marketing of pharmaceuticals, hygiene products which include Morigid range of disinfectants and the importation and distribution of medical, surgical and hospital equipment and consumables made by Braun & Company Limited, BSN Medical, Desoutter Medical Limited, Heraeus Medical GmbH and Smith & Nephew Limited.

2. Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies and Allied Matters Act, 2020 (As amended).

The financial statements were approved and authorised for issue by the Board of Directors on 28 March 2024.

(b) Basis of measurement

The financial statements have been prepared under the historical cost concept except for certain financial instruments which are measured at fair value as mentioned in the accounting policies in Note 5.

(c) Functional and presentation currency

The Company's functional and presentation currency is the Nigerian Naira. The financial statements are presented in Nigerian Naira and have been rounded up to the nearest thousand except where otherwise stated.

(d) Use of estimates and judgements

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

3. Changes in accounting policies

(a) New standards, interpretations and amendments adopted from 1 January 2023

The following amendments are effective for the period beginning 1 January 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements);
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes);
- International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12 Income Taxes) (effective immediately upon the issue of the amendments and retrospectively).

These amendments to various IFRS Accounting Standards are mandatorily effective for reporting periods beginning on or after 1 January 2023. See the applicable notes below for further details on how the amendments affected the Company.

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting policies' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

These amendments have no effect on the measurement or presentation of any items in the financial statements of the Company.

Definition of Accounting Estimates (Amendments to IAS 8 Accounting policies, Changes in Accounting Estimates and Errors)

The amendments to IAS 8, which added the definition of accounting estimates, clarify that the effects of a change in an input or measurement technique are changes in accounting estimates, unless resulting from the correction of prior period errors. These amendments clarify how entities make the distinction between changes in accounting estimate, changes in accounting policy and prior period errors.

These amendments had no effect on the financial statements of the Company.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income

Taxes)
In May 2021, the IASB issued amendments to IAS 12, which clarify whether the initial recognition exemption applies to certain transactions that result in both an asset and a liability being recognised simultaneously (e.g. a lease in the scope of IFRS 16). The amendments introduce an additional criterion for the initial recognition exemption, whereby the exemption does not apply to the initial recognition of an asset or liability which at the time of the transaction, gives rise to equal taxable and deductible temporary differences.

These amendments had no effect on the financial statements of the Company.

International Tax Reform - Pillar Two Model Rules (Amendment to IAS 12 Income Taxes)

In December 2021, the Organisation for Economic Co-operation and Development (OECD) released a draft legislative framework for a global minimum tax that is expected to be used by individual jurisdictions. The goal of the framework is to reduce the shifting of profit from one jurisdiction to another in order to reduce global tax obligations in corporate structures. In March 2022, the OECD released detailed technical guidance on Pillar Two of the rules.

Stakeholders raised concerns with the IASB about the potential implications on income tax accounting, especially accounting for deferred taxes, arising from the Pillar Two model rules. The IASB issued the final Amendments (the Amendments) international Tax Reform - Pillar Two Model Rules, in response to stakeholder concerns on 23 May 2023.

The Amendments introduce a mandatory exception to entities from the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two model rules. The exception is effective immediately and retrospectively. The Amendments also provide for additional disclosure requirements with respect to an entity's exposure to Pillar Two income taxes.

Management has determined that the Company is not within the scope of OECD's Pillar Two Model Rules and the exception to the recognition and disclosure of information about deferred tax assets and liabilities related to Pillar Two income taxes is not applicable to the Company.

(b) New standards, interpretations and amendments not yet effective

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Company has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates)

The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact on the classification of its liabilities, as the conversion feature in its convertible debt instruments is classified as an equity instrument and therefore, does not affect the classification of its convertible debt as a non-current liability. The Company does not expect any other standards issued by the IASB, but are yet to be effective, to have a material impact on the Company.

4. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience as well as other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

(a) *Income and deferred taxation*

Morison Industries Plc usually incurs income taxes payable, and also recognises changes to deferred tax assets and deferred tax liabilities, all of which are based on management's interpretations of applicable laws and regulations. The quality of these estimates is highly dependent upon management's ability to properly apply at times a very complex sets of rules, to recognise changes in applicable rules and, in the case of deferred tax assets, management's ability to project future earnings from activities that may apply loss carry forward positions against future income taxes.

(b) *Impairment of property, plant and equipment*

Morison Industries Plc assesses assets or groups of assets for impairment annually or whenever events or changes in circumstances indicate that carrying amounts of those assets may not be recoverable. In assessing whether a write down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount. Frequently, the recoverable amount of an asset proves to be the Company's estimated value in use.

The estimated future cash flows applied are based on reasonable and supportable assumptions and represent management's best estimates of the range of economic conditions that will exist over the remaining useful life of the cash flows generating assets.

(c) *Legal proceedings*

The Company reviews outstanding legal cases following developments in the legal proceedings and at each reporting date, in order to assess the need for provisions and disclosures in its financial statements. Among the factors considered in making decisions on provisions are the nature of litigation, claim or assessment, the legal process and potential level of damages in the jurisdiction in which the litigation, claim or assessment has been brought, the progress of the case (including the progress after the date of the financial statements but before those statements are issued), the opinions or views of legal advisers, experience on similar cases and any decision of the Company's management as to how it will respond to the litigation, claim or assessment.

(d) *Estimates of useful lives and residual values*

The estimates of useful lives and residual values of property, plant and equipment impact the annual depreciation charge. The useful lives and residual values are based on management experience and the condition of the assets. Consideration is given to management's intended usage policy for the assets in the future and potential market prices of similar assets.

5. Summary of significant accounting policies

The Company's accounting policies set out below have been applied consistently to all years presented in these financial statements.

(a) *Foreign currency transactions*

In preparing the financial statements of the Company, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions and any exchange differences arising are included in the profit or loss of the reporting year.

At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate of the transaction (i.e. not retranslated).

(b) Revenue

(i) Identification of contract with customers

For sales of goods, contract with customers is established when the Company accepts and confirms the purchase order from customers. For services, contract with customers is established when a contract agreement is signed between the Company and the customers.

(ii) Performance obligation and timing of revenue recognition

Revenue represents the fair value of the consideration received or receivable for sales of goods and services, in the ordinary course of the Company's activities and is stated net of value-added tax (VAT). The Company derived revenue principally from the sales of locally manufactured products, imported medical products and contract manufacture products. Revenue is recognised at a point in time when control of goods has transferred, being when the products are delivered to the customers (end users). Delivery occurs when the products have been shipped to the specific location and the control has been transferred and evidence of delivery received from the customers and the Company has objective evidence that all criteria for acceptance have been satisfied. No sales are reported if control of the goods has not been passed to the customers.

(iii) Determining the transaction price

Most of the Company's revenue is derived from price list and the amount of revenue to be earned from each consumer sales and contract manufacturer is determined by reference to those price lists. The Company has full discretion over the price to sell the products.

(iv) Allocating amounts to performance obligation

All prices have been allocated to each performance obligation identified in the contract on a relative stand-alone selling price basis. Each service is invoiced separately based on the capacity provided and the price agreed with the customer. Therefore, there is no judgement involved in allocating contract price to performance obligations (all performance obligations are capable of being, and are, sold separately).

(v) Revenue recognition

Revenue is recognised when the Company satisfies performance obligation. Satisfaction occurs when the Company transfers control of products to the customers. Control is the ability to direct the use and obtain substantially all of the remaining benefits from an asset.

(c) Cost of Sales

Cost of sales includes the cost of manufacturing inventory, costs related to transportation, impairment and inventory write downs.

(d) Finance income and finance expenses

Finance income comprises interest income on short term deposits with banks. Interest income on short term deposits is recognised and accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition. Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest method.

Finance expenses comprise interest on finance lease and borrowings

(e) Property, plant and equipment

1) Recognition and measurement

Property, plant and equipment are stated at cost/revalued amount less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets.

Revalued amount represents the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting date.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net within other income and operating expenses respectively in the statement of profit or loss and other comprehensive income.

ii) Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is then derecognised. The costs of the day-to-day servicing and maintenance of an item of property, plant and equipment are recognised in the statement of profit or loss and other comprehensive income during the period in which they are incurred.

iii) Depreciation

Depreciation is calculated on items of property, plant and equipment to write down the cost of each asset to its residual value over its estimated useful life. No depreciation is charged on items of property, plant and equipment until they are available for use.

The principal annual rates used for this purpose, which are consistent with those for the previous years are as follows:

Class of assets	%
Leasehold land	Over the period of the lease
Building	2
Plant, machinery and equipment	10
Computer equipment	33 1/3
Motor vehicles:	
Delivery Vans	33 1/3
Cars	25

The Company allocates the amount initially recognised in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of amortisation and useful lives of the assets are reviewed annually and adjusted if appropriate.

iv) Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gains or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss component of the statement of comprehensive income within 'Other income or operating expenses' in the year that the asset is derecognised.

(f) Impairment of non-financial assets

Non-financial assets other than inventories are reviewed at each reporting date for impairment or 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 to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which they have separately identifiable cash flows (cash-generating units).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment is treated as a revaluation increase.

(g) Inventories

Inventories include locally manufactured products, healthcare products, raw materials and packaging. Inventories are valued at the lower of cost and net realisable value.

Cost is determined using the weighted average method of valuation. Cost comprises direct material and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution. If carrying value exceeds net realisable amount, a write down is recognised. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

Adequate provision is made for slow moving, obsolete and defective inventories to ensure that the value at which inventories is carried at the reporting date is reflective of anticipated future sales patterns.

(h) Financial instruments

i) Financial assets

Financial assets include cash and cash equivalents, trade receivables, employee and other advances and eligible current and non-current assets. Financial assets are derecognized when substantial risks and rewards of ownership of the financial assets have been transferred. In cases where substantial risks and rewards of ownership of the financial assets are neither transferred nor retained, financial assets are derecognized when the Company has not retained control over the financial assets.

Recognition and measurement

Financial instruments are recognized initially at fair value. Subsequent to initial recognition, financial instruments are measured as described below:

Debt instruments

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

Financial instruments measured at amortized cost:

Debt instruments that meet the following criteria are measured at amortized cost (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition):

- a) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- b) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Financial instruments measured at fair value through other comprehensive income (FVTOCI):

Debt instruments that meet the following criteria are measured at fair value through other comprehensive income (FVTOCI) (except for debt instruments that are designated at fair value through Profit or Loss (FVTPL) on initial recognition):

- a) the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling the financial assets; and
- b) the contractual terms of the instrument give rise on specified dates to cash flows that are solely payment of principal and interest on the principal amount outstanding.

Interest income is recognized in the statement of profit or loss for FVTOCI debt instruments. Other changes in fair value of FVTOCI financial assets are recognized in other comprehensive income. When the investment is disposed of, the cumulative gain or loss previously accumulated in reserves is transferred to the statement of profit or loss and other comprehensive income.

Financial instruments measured at fair value through profit or loss (FVTPL):

Instruments that do not meet the amortized cost or FVTOCI criteria are measured at FVTPL. Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on re-measurement recognized in statement of profit or loss and other comprehensive income. The gain or loss on disposal is recognized in the statement profit or loss and other comprehensive income.

Interest income is recognized in the statement of income for FVTPL debt instruments. Dividend on financial assets at FVTPL is recognized when the entity's right to receive dividend is established.

Other financial assets

Other financial assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. These are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment losses. These

Cash and cash equivalents

The Company's cash and cash equivalents consist of cash in hand and at banks and demand deposits with banks, which can be withdrawn at any time, without prior notice or penalty on the principal.

For the purposes of the statement of cash flows, cash and cash equivalents include cash in hand, at banks and demand deposits with banks, net of outstanding bank overdrafts that are repayable on demand and are considered part of the Company's cash management system. In the statement of financial position, bank overdrafts are presented under borrowings within current liabilities.

ii) Financial liabilities

Financial liabilities include long and short-term loans and borrowings, trade payables, eligible current and non-current liabilities.

Trade and other payables

Trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method. For these financial instruments, the carrying amounts approximate fair value due to the short term maturity of these instruments.

iii) Derecognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IFRS 9. If the Company retains substantially all the risks and rewards of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a borrowing for the proceeds received. A financial liability (or a part of a financial liability) is derecognized from the Company's statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

(i) Impairment

i) Financial Assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other financial assets. Expected credit loss is the difference between the contractual cash flows and the cash flows that the entity expects to receive, discounted using the effective interest rate.

Loss allowances for trade receivables and lease receivables are measured at an amount equal to lifetime expected credit loss. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. Lifetime expected credit loss is computed based on a provision matrix which takes into account risk profiling of customers and historical credit loss experience adjusted for forward looking information. For other financial assets, expected credit loss is measured at the amount equal to twelve months expected credit loss unless there has been a significant increase in credit risk from initial recognition, in which case those are measured at lifetime expected credit loss.

Impairment provisions for receivables from related parties and debt instruments measured at FVOCI are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial assets. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, life time expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime credit losses along with interest income on a net basis are recognised.

II) Non - Financial Assets

The Company assesses long-lived assets such as property, plant, equipment and acquired intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or group of assets may not be recoverable. If any such indication exists, the Company estimates the recoverable amount of the asset or group of assets. The recoverable amount of an asset or cash generating unit is the higher of its fair value less cost of disposal (FVLCD) and its value-in-use (VIU). The VIU of long-lived assets is calculated using projected future cash flows. FVLCD of a cash generating unit is computed using turnover and earnings multiples. If the recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the statement of profit or loss and other comprehensive income. If at the reporting date, there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the impairment losses previously recognized are reversed such that the asset is recognized at its recoverable amount but not exceeding written down value which would have been reported if the impairment losses had not been recognized initially.

(j) 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.

(k) Prepayments

Prepayments are payments made in advance relating to the following year and are recognised and carried at original amount less amounts utilised in the statement of profit or loss and other comprehensive income.

(l) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost using the effective interest rate; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Borrowings to be settled within 12 months period are classified as current liabilities while borrowings to be settled over 12 months are classified as non-current liabilities.

(m) Provisions

Provision is recognised when the Company has a present obligation, whether legal or constructive, as a result of a past event for which it is possible that an outflow of resources embodying economic benefits will be required to settle the obligation and reliable estimates can be made of the amounts of the obligations in accordance with IAS 37.

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

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation. The unwinding of the discount is recognised as a finance cost.

(n) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

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

(i) Right-of-use assets

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

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.

(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.

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.

(o) Employee benefits

(i) Short term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related services are provided. The Company recognises wages, salaries, bonuses and other allowances for current employees in the statement of profit or loss and other comprehensive income as the employees render such services.

A liability is recognised for the amount expected to be paid under short - term benefits, 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 the obligation can be estimated reliably.

(ii) Defined contribution plans

The Company has both defined benefit and defined contribution plans.

The Company operates a defined contribution pension scheme for members of staff which is independent of its finances and is managed by Pension Fund Administrators. The scheme is funded by contributions from employees and the Company at 8% and 10% respectively each of employee's relevant emoluments, in accordance with the provisions of the Pension Reform Act 2014. In addition, full provision is made in the financial statements for liabilities at the financial position date in respect of employee's terminal gratuities based on current relevant emoluments. For defined benefit plans, the level of benefit provided is based on the length of service and earning of the person entitled. The gratuity scheme, (defined benefit plans) has been cancelled since 2015.

(p) Taxation

i) Current income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the reporting date in Nigeria where the Company operates and generates taxable income.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, but it further excludes items that are never taxable or deductible. The Company is subject to the following types of current income tax:

- Company Income Tax - This relates to tax on revenue and profit generated by the Company during the year, to be taxed under the Companies Income Tax Act, Cap C21, LFN 2004 as amended to date
- Tertiary Education Tax - Tertiary education tax is based on the assessable income of the Company and is governed

ii) **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is provided for using the liability method, which represents taxation at the current rate of corporate tax on all timing differences between the accounting values and their corresponding tax written down values. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the amount will be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(q) **Share capital, reserves and dividends**

i) **Share capital**

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

ii) **Reserves**

Reserves include all current and prior periods' retained earnings.

iii) **Dividends**

Dividends on ordinary shares are recognised in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

iv) **Earnings per Share**

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to equity owners of Morison Industries Plc by the weighted average number of ordinary shares outstanding during the year.

(r) **Related party transactions**

Related parties include the related companies, the directors and any employee who is able to exert significant influence on the operating policies of the Company. Key management personnel are also considered related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

The Company considers two parties to be related if, directly or indirectly one party has the ability to control the other party or exercise significant influence over the other party in making financial or operating decisions.

Where there is a related party transactions with the Company, the transactions are disclosed separately as to the type of relationship that exists with the Company and the outstanding balances necessary to understand their effects on the financial position and the mode of settlement.

6. **Financial risk management**

(a) **Financial Risk Management Disclosure**

Morison Industries Plc continued in the period under review to enhance its corporate governance standards by improving on the level of risk management disclosure in the financial statements.

The overall responsibility for risk management lies with the Board of Directors. The Internal Audit Unit performs the independent assessment of the effectiveness of internal controls and procedures and reports independently through the Internal Audit Manager to the Managing Director and Audit Committee Members. The Audit Committee members also review the internal audit programme and the internal control procedures.

The Board of Directors, having recognized that an appropriate level of timely disclosure is beneficial to all stakeholders, has given its full support to this process to boost the confidence of the users of the financial statements of the Company with the aim of enhancing the level and quality of disclosure at all times even as a regulatory framework for its disclosure is developed.

The Company has a risk management framework which highlights key risk areas (Regulatory, Financing, Credit, Reputational, Compliance and Operational). This is to give a clear view of the major risks we believe are faced by Morison Industries Plc and the role of the Board of Directors and Management in managing these risks.

(b) Regulatory Risk

There have been constant changes in government policies on banning and un-banning certain components or allowing importation of some finished goods that are available locally. These inconsistent policies could result in losses as they give unfair advantage to foreign manufacturers whose cost of production is very low. Morison Industries Plc liaises constantly with the Manufacturers' Association of Nigeria which is doing a lot to ensure that Manufacturers are informed of impending changes and implications of new pronouncements.

(c) Financing Risk

The cost of funds is very high and is inimical to the growth of the manufacturing industry. The banks are also not willing to grant credit to manufacturing Companies because the sector is considered high risk. This is affecting the capacity utilization and working capital. We have limited our operations to what the internally generated funds could support and also plan to raise funds from capital market when the market stabilises. We also enjoy some credit terms with our foreign suppliers to support our operations.

(d) Credit Risk

Some customers default in paying for goods and services as and when due. The effect is that there is high risk of bad debt. We continuously monitor the activities of our distributors and review from time to time the facility granted them. We extend credit to only suitable and well-identified customers and withdraw such credits where there is any doubt as to their ethical standard and records as we also ensure that there are penalties for non-compliance with the Company's credit policies.

(e) Compliance Risk

Changes in rules and regulations and the introduction of new legislations have placed greater emphasis on the need to monitor compliance with legal and regulatory requirements. The risk of non-compliance with the legal and regulatory requirements ranges from potential financial loss occasion by regulatory sanctions as well as damage to the Company's reputation. Morison Industries Plc ensures it meets minimum requirements to avoid penalties and monitors compliance with the assistance of our legal personnel.

(f) Reputational Risk

The industry is suffering heavily from the activities of fakers who imitate the original product. The consumers are discouraged from patronizing the original product because they bought fake products that did not give them value. The effect of the activities of the fakers is that the Company is unable to sell its products and thereby suffers heavy losses. We check the activities of the fakers through the use of holograms, constant improvement and change in packaging. We also endeavour to sell directly to end users.

(g) Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems and external events. This includes legal risk but excludes reputational risk. The Company recognizes the significance of operational risk, which is inherent in all areas of our business. Operational risk is managed within acceptable levels through an appropriate level of management focus and resources.

The Company is committed to the management of operational risks by ensuring effective control of operations, providing early warning signals of deterioration in the Company's Internal Control System and raising awareness of operational risk from top to the bottom.

General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance department. The Board receives monthly reports from the Company's Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Company's Financial Controller also reviews the risk management policies and processes and reports their findings to the Board.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Market risk - Foreign exchange risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements. There have been no substantive changes in the Company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(i) Principal financial instruments

The principal financial instruments used by the Company, from which financial instrument risk arises are as follows:

- Trade receivables
- Cash and cash equivalents
- Trade and other payables

(ii) Financial instruments by category

Financial assets

	Financial assets	
	2023	2022
	N'000	N'000
Cash and cash equivalents	16,743	14,588
Trade receivables	13,405	26,395
Total financial assets	30,148	40,983

Total financial liabilities

	Financial liabilities at amortised cost	
	2023	2022
	N'000	N'000
Trade and other payables	323,203	285,789

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is mainly exposed to credit risk from cash deposit with banks and on prepaid expenses.

The Management has established a credit policy not to sell to any customer when a deposit has not been made for goods. The Company's review includes external ratings, when available, and in some cases bank references.

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:

	2023	2022
	N'000	N'000
Cash and cash equivalents	16,743	14,588
Trade receivables	13,405	26,395
Total	30,148	40,983

In order to mitigate the credit risk arising from deposits with banks, banks with good reputations are accepted by the Company for business transactions.

Cash at bank and short-term deposits

An amount of cash and short term investments is held with the following financial institutions:

	2023	2022
	N'000	N'000
Cash at bank		
Ecobank Nigeria Limited	10,578	183
Fidelity Bank Plc	1,823	2,505
Stanbic IBTC Bank Plc	67	67
Union Bank of Nigeria Plc	258	258
Wema Bank Plc	97	10,351
Zenith Bank Plc	3,803	1,221
	<u>16,626</u>	<u>14,585</u>

(b) **Market risk**

Market risk concerns the risk that Company income or the value of investments in financial instruments is adversely affected by changes in market prices, such as exchange rates and interest rates. The objective of managing market risks is to keep the market risk position within acceptable boundaries while achieving the best possible return.

Foreign exchange risk

The Company imports its goods from India, China, Germany and Great Britain and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and the British Pounds. Foreign exchange risk arises on recognized assets and liabilities, principally trade receivables, cash and cash equivalents and trade payables.

Foreign exchange risk arises when future recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. Management has set up a policy to manage foreign exchange risk and imposes strict limits on the maximum exposures that can be entered into. The Company does not hedge against foreign currency exposures. The tables below summarise the Company's exposure to foreign currency arising from financial instruments. The Company's financial assets and liabilities are included in the table categorised by currency at their carrying amounts.

	Assets		Liabilities	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
US dollars	314	314	-	-
British pounds	369	369	-	-
	<u>683</u>	<u>683</u>	<u>-</u>	<u>-</u>

Sensitivity analysis of foreign exchange risk

Analysed below is the Company's sensitivity to a 1% increase or decrease in the Naira against the US dollars and British pounds. The analysis shows the effect of the changes on the profit after tax.

	Assets		Liabilities	
	2023	2022	2023	2022
	N'000	N'000	N'000	N'000
Effect on the profit or loss	<u>7</u>	<u>7</u>	<u>-</u>	<u>-</u>

(c) **Liquidity risk**

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 15 days.

The Board receives rolling 12-month cash flows projections on a monthly basis as well as information regarding cash balances. At the end of the financial year, these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The liquidity risk of the Company is managed by the Company's Financial Controller.

The following table sets out the contractual maturities (representing undiscounted contractual cash-flows) of financial liabilities:

	Up to 3 months	Between 3 and 12 months	Between 1 and 5 year	Between Over 5 years	Total
	N'000	N'000	N'000	N'000	N'000
As at 31 December 2023					
Trade and other payables	-	323,203	-	-	323,203
As at 31 December 2022					
Trade and other payables	-	285,789	-	-	285,789

(d) Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain customer, investor, creditor and market confidence and to support future development of the business. The Board of Directors monitors the debt to capital ratio. The Board of Directors also monitors the level of dividend to be paid to holders of ordinary shares. The Board of Directors seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the benefits of a sound capital position. There were no changes in the Company's approach to capital management during the year. The company is not subject to externally imposed capital requirements.

The debt-to-adjusted-capital ratio at 31 December 2023 and at 31 December 2022 were as follows:

	2023	2022
	N'000	N'000
Borrowings	154,123	136,398
Less: cash and cash equivalents	(16,743)	(14,588)
Net debt	137,380	121,810
Total equity	860,558	959,282
Debt to adjusted capital ratio (%)	16%	13%

7. Revenue and Profit	2023			2022		
	Revenue	Cost of sales	Gross profit	Revenue	Cost of sales	Gross profit
Analysis by activities:	N'000	N'000	N'000	N'000	N'000	N'000
Pharmaceuticals	9,610	5,967	3,643	7,850	6,742	1,108
Locally Manufactured						
Products-Consumers	112,377	108,353	4,024	110,068	107,841	2,227
Others/Contracts	23,238	5,620	17,618	36,940	16,772	20,168
	<u>145,225</u>	<u>119,940</u>	<u>25,285</u>	<u>154,858</u>	<u>131,355</u>	<u>23,503</u>
				2023		2022
Primary Geographic Markets				N'000		N'000
Nigeria				145,225		154,858
Others				-		-
				<u>145,225</u>		<u>154,858</u>
				N'000		N'000
Timing of transfer of goods and services						
Point in time				145,225		154,858
Over time				-		-
				<u>145,225</u>		<u>154,858</u>
8. Cost of sales				N'000		N'000
Cost of sales includes:				N'000		N'000
Materials consumed				75,855		84,429
Production salaries and wages (Note 13(b))				20,959		23,803
Repairs and maintenance				3,995		5,121
Electricity				3,403		4,027
Depreciation of property, plant and equipment (Note 16(c))				1,858		2,831
Office expenses				1,948		2,796
Oil and gas				10,794		7,495
Technical & Analytical Charges				572		252
Factory Annual Registration				556		601
				<u>119,940</u>		<u>131,355</u>
9. Distribution expenses				N'000		N'000
Advertisement				1,497		7,937
Discounts allowed and commission				749		1,938
Salaries, bonuses and commission (Note 13(b))				11,551		16,838
Transportation				3,507		1,478
Freight				4,399		2,803
				<u>21,703</u>		<u>30,994</u>
10. Operating expenses				N'000		N'000
Audit fees				3,500		2,500
Bank charges				398		351
Computer expenses				493		481
Conference and seminars				200		-
Depreciation on property, plant and equipment (Note 16(c))				31,942		35,830
Director's emoluments				738		1,701
Electricity				1,458		1,726
Insurance, licence and fees				997		1,246
Land use charges				487		485
Office expenses				11,513		8,381

	2023	2022
	N'000	N'000
Operating expenses (cont'd)		
Other admin expenses	199	-
Postages and telephones	2,580	2,730
Professional fees	747	1,330
Provision for other receivables (Note 18(e))	2,348	2,490
Provision for trade receivables (Note 18(a))	11,586	6,425
Rent and rates	-	889
Repairs and renewals	1,661	1,517
Salaries and wages (Note 13(b))	48,112	46,002
Secretarial expenses	5,096	8,400
Security expenses	4,476	3,310
Training expenses	90	50
Travelling expenses	735	1,552
Donations	-	150
Environment Development Charge	625	460
Tax expenses	313	-
Vehicle running expenses	6,667	5,110
Salary in lieu of notice and legal charges in favour of Mr. Nwabueze Oputa' (The Company's erstwhile Managing Director).	-	5,464
	<u>136,961</u>	<u>138,580</u>
11. Other operating income	N'000	N'000
Write back of provision no longer required (Note 18(a))	1,760	-
Rental income	49,727	58,767
Write back of accruals no longer required	3,900	494
	<u>55,387</u>	<u>59,261</u>
12. Finance income/(expenses)	N'000	N'000
Finance income	-	-
Finance expenses comprise:		
interest on borrowings (Note 20)	19,739	19,600
Net finance expenses	<u>(19,739)</u>	<u>(19,600)</u>
13. Loss before taxation	N'000	N'000
Loss before taxation is arrived at after charging:		
Audit fees	3,500	2,500
Depreciation of property, plant and equipment	33,800	38,661
Director's emoluments	738	1,701
	<u>48,038</u>	<u>42,862</u>
(d) Staff costs and other expenses	N'000	N'000
Salaries	75,900	81,592
Defined contribution pension costs (Note 21(d))	4,722	5,051
	<u>80,622</u>	<u>86,643</u>
(b) Apportionment of salaries and wages to statement of profit or loss and other comprehensive income are as follows:		
	N'000	N'000
Cost of sales (Note 8)	20,959	23,803
Distribution expenses (Note 9)	11,551	16,838
Operating expenses (Note 10)	48,112	46,002
	<u>80,622</u>	<u>86,643</u>

	2023	2022
(c) Directors	N'000	N'000
The aggregate emoluments of the Directors were:		
Fees	-	-
Other emoluments	738	1,701
	<u>738</u>	<u>1,701</u>
	N'000	N'000
(i) Chairman's emoluments (excluding pension contributions) totalled	<u>738</u>	<u>1,701</u>
(ii) Emoluments of the highest paid director (excluding pension contributions) amounted to:	-	-
The table below shows the number of Directors (excluding the Chairman) whose remuneration (excluding pension contributions) in respect of services to the company fall within the bands shown below:		
	Number	Number
(iii) Up to N150,000	-	-
N150,001 - N300,000	-	-
N300,001 and above	-	-
	<u>-</u>	<u>-</u>
(d) Employees	Number	Number
Staff numbers and costs:		
(i) The average number of persons employed (excluding Directors) in the Company during the year were as follows:		
Management	6	6
Senior	19	16
Junior	5	5
	<u>30</u>	<u>27</u>
(ii) The aggregate payroll costs of these persons were as follows:		
	N'000	N'000
Wages, salaries, commission and allowances	80,622	86,643
	<u>80,622</u>	<u>86,643</u>
(iii) The table below shows the number of employees of the Company (other than Directors) who earned over N100,000 during the year and which fell within the bands stated below:		
	Number	Number
Up to N150,000	-	-
150,001 - N300,000	-	-
N300,001 - N400,000	-	-
N400,001 - N500,000	5	6
N500,001 and above	25	21
	<u>30</u>	<u>27</u>
14. Income tax payable		
(i) Statement of profit or loss	N'000	N'000
Company Income tax	-	-
Minimum tax	993	1,071
Education tax	-	-
	<u>993</u>	<u>1,071</u>
(ii) Income tax recognised in profit or loss		
(a) Income tax expense is the aggregate of the charge to the statement of comprehensive income in respect of current income tax, education tax and deferred tax.		
(b) The amount provided as minimum tax for the year has been computed in accordance with the provisions of Companies Income Tax Act, CAP C21 LFN 2004 (as amended).		
(c) The Company is not liable to education tax because it has no assessable profit in accordance with the provisions of the Education Tax Act, CAP E4, LFN which is 2.5% of the assessable profit for the period.		

(iii) The income tax expense for the year can be reconciled to the accounting profit as per the statement of profit or loss and other comprehensive income as follows:

	2023 N'000	2022 N'000
Loss before taxation	(97,731)	(106,410)
Tax at the statutory corporation tax rate of 30%	(29,319)	(31,923)
Effect of income that is exempt from taxation	(528)	-
Effect of expenses that are not deductible in determining taxable profit	-	-
Balancing charge	14,320	14,318
Current year adjusted loss	15,527	17,605
Minimum tax	993	1,071
Income tax expense recognised in profit or loss for continuing operations	993	1,071
Effective rate	(1)%	(1)%

The tax rate used for 2023 and 2022 reconciliation above is the corporate tax rate of 30% and tertiary education tax rate of 3% (2022: 2.5%) payable by corporate entities in Nigeria on taxable profits under the tax laws in the country for the year ended 31 December 2023.

(iv) Income tax recognised in other comprehensive income

No deferred tax was recognised in other comprehensive income during the year (2022: nil)

(v) Statement of financial position

	N'000	N'000
Balance at the beginning of the year	-	-
Income tax	-	-
Minimum tax	1,928	857
Capital gain tax	-	-
	1,928	857
Payments during the year:		
Income tax	-	-
Minimum tax	-	1,071
Education tax	-	-
Capital gain tax	-	-
Provision for the year:		
Income tax	-	-
Minimum tax	993	-
Education tax	-	-
Balance at the end of the year	2,921	1,928

15. Deferred taxation

The following are the major deferred tax liabilities and assets recognised by the Company and movements thereon during the current and prior reporting year:

	Balance as at 1 January 2023 N'000	Recognised in net income N'000	Recognised in Other Comprehensive income N'000	Balance as at 31 December 2023 N'000
<u>Deferred tax liabilities</u>				
Excess of carrying amount over tax written down value	62,394	-	-	62,394
Revaluation surplus	124,337	-	-	124,337
	186,731	-	-	186,731
<u>Deferred tax assets</u>				
Unrealised foreign exchange loss	2,568	-	-	2,568
Unabsorbed capital allowance	-	53,819	-	53,819
	2,568	53,819	-	56,387
Net deferred tax liabilities/(assets)	184,163	(53,819)	-	130,344

The deferred tax asset of N53,819,000 was not recognised because there is no probability that the Company would be able to utilise it in the foreseeable future.

Details of deferred tax liabilities recognised in the financial statements are as follows:

Deferred tax liabilities	2023 N'000	2022 N'000
Balance at the beginning of the year	184,163	184,163
Provision during the year (Note 14)	-	-
Balance at the end of the year	<u>184,163</u>	<u>184,163</u>

16. Property, plant and equipment

	Leasehold Land	Buildings	Plant, machinery and equipment	Computer and equipment	Motor Vehicles	Capital work in progress	Total
Cost	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2022	1,046,185	427,315	58,927	2,652	66,084	7,825	1,608,988
Additions	-	-	1,371	-	-	-	1,371
At 31 December 2022	<u>1,046,185</u>	<u>427,315</u>	<u>60,298</u>	<u>2,652</u>	<u>66,084</u>	<u>7,825</u>	<u>1,610,359</u>
At 1 January 2023	1,046,185	427,315	60,298	2,652	66,084	7,825	1,610,359
Additions	-	-	1,366	-	-	-	1,366
At 31 December 2023	<u>1,046,185</u>	<u>427,315</u>	<u>61,664</u>	<u>2,652</u>	<u>66,084</u>	<u>7,825</u>	<u>1,611,723</u>
Accumulated depreciation	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2022	-	-	39,000	2,262	60,656	-	101,918
Charge for the year	14,735	14,735	4,547	142	4,502	-	38,661
At 31 December 2022	<u>14,735</u>	<u>14,735</u>	<u>43,547</u>	<u>2,404</u>	<u>65,158</u>	<u>-</u>	<u>140,579</u>
At 1 January 2023	14,735	14,735	43,547	2,404	65,158	-	140,579
Charge for the year	14,735	14,735	3,434	106	790	-	33,800
At 31 December 2023	<u>29,470</u>	<u>29,470</u>	<u>46,981</u>	<u>2,510</u>	<u>65,948</u>	<u>-</u>	<u>174,379</u>
Impairment	N'000	N'000	N'000	N'000	N'000	N'000	N'000
At 1 January 2022	-	-	375	-	-	-	375
Impairment	-	-	-	-	-	-	-
At 31 December 2022	<u>-</u>	<u>-</u>	<u>375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375</u>
At 1 January 2023	-	-	375	-	-	-	375
Impairment	-	-	-	-	-	-	-
At 31 December 2023	<u>-</u>	<u>-</u>	<u>375</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375</u>
Carrying amounts at							
31 December 2023	<u>N1,016,715</u>	<u>N397,845</u>	<u>N14,308</u>	<u>N142</u>	<u>N136</u>	<u>N7,825</u>	<u>N1,436,971</u>
31 December 2022	<u>N1,031,450</u>	<u>N412,580</u>	<u>N16,376</u>	<u>N248</u>	<u>N926</u>	<u>N7,825</u>	<u>N1,469,405</u>

- (a) The Company's landed property situated at 28/30 Morison Crescent, Oregon was pledged as security for the borrowings disclosed in Note 20 as at 31 December 2023
 (b) No impairment loss was recognised during the year
 (c) Depreciation charged to profit or loss and other comprehensive income are apportioned as follows:

	2023 N'000	2022 N'000
Cost of sales (Note 8)	1,858	2,813
Operating expenses (Note 10)	31,942	35,830
	<u>33,800</u>	<u>38,643</u>

17. <u>Inventories</u>	N'000	N'000
Raw materials	18,935	15,396
Finished goods	15,577	20,087
	<u>34,512</u>	<u>35,483</u>
Provision for obsolete inventory (Note 17(a))	-	-
	<u>34,512</u>	<u>35,483</u>

(a) <u>Provision for obsolete inventory</u>	N'000	N'000
Balance at the beginning of the year	-	10,177
Write off during the year	-	(10,177)
Balance at the end of the year	<u>-</u>	<u>-</u>

- (b) No inventory was pledged as security for borrowings.

18. <u>Trade and other receivables</u>	N'000	N'000
Trade receivables	116,906	129,159
Provision for trade receivables (Note 18(a))	(103,501)	(102,764)
<i>Total financial assets other than cash and cash equivalents</i>	13,405	26,395
Other receivables and prepayments (Note 18(d))	23,852	22,204
	<u>37,257</u>	<u>48,599</u>

(a) <u>Provision for trade receivables</u>	N'000	N'000
Balance at the beginning of the year	102,764	96,339
Provision for the year (Note 10)	11,586	6,425
Write off during the year	(9,089)	-
Write back during the year (Note 11)	(1,760)	-
Balance at the end of the year	<u>103,501</u>	<u>102,764</u>

Trade receivables represent receivables from customers for goods sold and other trading services rendered to them. Trade receivables are stated at amortised cost as at the statement of financial position date.

(b) <i>The age analysis of trade receivables is as follows:</i>	N'000	N'000
Past due < 90days	10,661	13,620
Past due 90-180 days	2,675	6,301
Past due 180-360 days	69	6,474
Past due 360days and above	103,501	102,764
	<u>116,906</u>	<u>129,159</u>

- (c) The carrying value of trade and other receivables classified as loans and receivables approximates fair value.

	2023	2022
	N'000	N'000
Neither past due nor impaired	13,405	26,395
Past due but not impaired	-	-
Collectively impaired	103,501	102,764
	<u>116,906</u>	<u>129,159</u>
(d) <u>Other receivables and prepayments</u>	N'000	N'000
Staff receivables	223	882
Withholding tax receipts	14,910	14,910
Withholding tax receivables	20,588	20,528
Advance to suppliers	6,053	2,918
Other receivables	2,338	1,466
	44,112	40,704
Provision for other receivables (Note 18(e))	<u>(20,883)</u>	<u>(18,535)</u>
	23,229	22,169
Prepayments (Note 18(f))	623	35
	<u>23,852</u>	<u>22,204</u>
(e) <u>Provision for other receivables</u>	N'000	N'000
Balance at the beginning of the year	18,535	17,423
Provision during the year (Note 10)	2,348	2,490
Write off during the year	-	(1,378)
Balance at the end of the year	<u>20,883</u>	<u>18,535</u>
(f) <u>Prepayments</u>	N'000	N'000
Insurance	588	-
Advert and promotions	35	35
	<u>623</u>	<u>35</u>
19. <u>Cash and cash equivalents</u>		
Cash and cash equivalents comprise:	N'000	N'000
Cash at bank	16,626	14,585
Cash in hand	117	3
	<u>16,743</u>	<u>14,588</u>
20. <u>Borrowings</u>		
The book value and fair value of borrowings are as follows:	N'000	N'000
Balance at the beginning of the year	136,398	119,798
Additions during the year (20(a))	3,700	-
Payments during the year	(3,700)	-
Interest charge for the year (Note 12)	19,739	19,600
Interest paid during the year	<u>(2,014)</u>	<u>(3,000)</u>
	<u>154,123</u>	<u>136,398</u>

(a) In 2023, the Company obtained a new commercial paper from Palm Services Limited amounting to N3,700,000. The commercial paper attracts interest of 3.75% per month and was fully paid off in December 2023. In 2022, the Company obtained commercial papers from Palm Services Limited, Owel Linkso Group Limited and GTI Capital Limited amounting to N20,000,000, N10,000,000 and N20,000,000 respectively. The commercial papers attract interest of fifteen per cent (15%) per annum and a one-off management fee of 2%. The facilities are secured on the fixed and floating assets of Morison Industries Plc.

(b) In 2020, the Company obtained facilities amounting to N55,000,000 from AMC Multipurpose Ventures Limited in two tranches of N20,000,000 and N35,000,000 on 22 May 2020 and 2 October 2020 respectively. The facilities were obtained for the following purposes:

- to meet immediate working capital requirements of the Company;
- to pay off taxes due to FIRS for the years 2006 to 2015 and;
- for marketing strategies and re-branding expenses.

The facilities attract an interest of twenty two per cent (22%) per annum with a tenor of 90 days. The facilities were secured on the Company's landed property situated at 28/30 Morison Crescent, Oregon.

	2023	2022
21. Trade and other payables	N'000	N'000
Trade payables	31,009	32,162
Other payables (Note 21(a))	263,678	225,733
Due to related company (Note 21(b))	9,800	9,800
Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost	304,487	267,695
Other payables-tax (Note 21(e))	18,716	18,094
	<u>323,203</u>	<u>285,789</u>
(a) Other payables	N'000	N'000
Unclaimed dividend	5,632	5,632
Accruals (Note 21(c))	65,544	53,007
Pension payable (Note 21(d))	97,154	93,641
Rent received in advance	52,008	28,175
Advance customer deposit	2,199	2,606
Payables to other service providers	41,141	42,672
	<u>263,678</u>	<u>225,733</u>
(b) Due to related company	N'000	N'000
Morison Investment Limited	9,800	9,800
<p>Morison Investment Limited, United Kingdom stopped providing technical and trade mark support to Morison Industries Plc on 15 June 2012 due to the non-approval of the renewal of the technical services and royalty agreement by the National Office for Technology Acquisition and Promotion. No amount was charged for the year ended 31 December 2023 (2022: Nil).</p>		
(c) Accruals	N'000	N'000
Audit fees	3,057	3,390
Chairman's allowance	9,000	7,500
Payable to a strategic partner	10,000	-
Directors' fees	-	862
Interest expense	2,313	6,813
The Nigerian Exchange Limited (NGX)	3,492	3,492
Professional fees	5,145	4,895
Lease charges	3,928	3,928
Secretarial expenses	2,071	2,071
Backduty assessments	3,778	3,778
Sundry accruals	6,071	3,562
Wages and salaries	16,689	12,716
	<u>65,544</u>	<u>53,007</u>
(d) Pension payable	N'000	N'000
Balance at the beginning of the year	93,641	92,758
Contributions for the year (Note 13(a))	4,722	5,051
Remittance during the year	(1,209)	(4,168)
Balance at the end of the year	<u>97,154</u>	<u>93,641</u>
<p>The Company operates a defined contributory pension scheme for eligible employees. Both employer and employees contribute 10% and 8% respectively of the employees' basic, housing and transport allowances in line with the provisions of the Pension Reform Act, 2014 (as amended).</p>		
(e) Other payables	N'000	N'000
Value Added Tax	9,854	10,032
Withholding Tax	3,641	2,919
PAYE	5,221	5,143
	<u>18,716</u>	<u>18,094</u>

	2023	2022
22. <u>Employees' benefits obligations</u>	N'000	N'000
Balance at the beginning of the year	515	515
Payments during the year	-	-
Balance at the end of the year	515	515

The gratuity scheme has been cancelled hence no provision has been made in the books since 2015.

23. <u>Share capital</u>				
Issued and fully paid:				
Ordinary shares of N0.50 each				
	31 December 2023		31 December 2022	
	Number	Value	Number	Value
	'000	N'000	'000	N'000
Balance at the beginning and the end of the year	989,160	494,580	989,160	494,580

24. <u>Share premium</u>	2023	2022
	N'000	N'000
Balance at the beginning and the end of the year	84,477	84,477

25. <u>Accumulated losses</u>	N'000	N'000
Balance at the beginning of the year	(738,810)	(631,329)
Loss for the year	(98,724)	(107,481)
Balance at the end of the year	(837,534)	(738,810)

26. <u>Revaluation reserve</u>	N'000	N'000
Balance at the beginning and the end of the year	1,119,035	1,119,035

27. <u>Loss per ordinary share</u>				
Loss per ordinary share is calculated by dividing net results attributable to shareholders by the weighted average number of ordinary shares in issue during the year.				
	'000	'000	'000	'000
Loss for the year attributable to ordinary shareholders (N)	(98,724)	(107,481)	(98,724)	(107,481)
Weighted average number of ordinary shares in issue (thousands)	989,160	989,160	989,160	989,160
Loss per share (kobo)	(10)	(11)	(10)	(11)

28. Related party transactions
 During the year, the Company did not carry out any transactions with Morison Investment Limited. The amount of outstanding balance at the year end are as disclosed in Note 21(b) to the financial statements.

29. Transactions with key management personnel
 (a) Key management staff are those persons who have authority and responsibility for planning, directing and controlling the activities of the Company.
 Key management of the Company includes executive and non-executive directors and members of the Executive Committee.

(b) The compensation paid or payable to key management for employee services is shown below:	2023	2022
	N'000	N'000
Short-term employee benefits	7,085	7,085
Defined benefits scheme cost	-	-
Contribution to compulsory Pension Fund Scheme	2,236	2,236
	9,321	9,321

30. Substantial Interest in shares

No Individual shareholder other than Morison Investment Limited U.K. (6.15%), Mr. Richard O. Titiloye (5.19%), Leasing Partners Limited (12.81%), Brewshades Nigeria Limited (12.20%) and Topmost Asset management Ltd (10.24 %) held more than 5% of the issued share capital of the Company as at 31 December 2023.

31. Financial Commitments

The Directors are of the opinion that all known liabilities and commitments which are relevant in assessing the Company's state of affairs have been taken into consideration in the preparation of the financial statements under review.

32. Contingent liabilities

There were no contingent liabilities at the statement of financial position date (2022:Nil).

33. Events after the reporting date

The Directors are not aware of any events which occurred since 31 December 2023 which may have material effect on the financial statements at the date or which may need to be mentioned in the financial statements in order not to make them misleading as to the results of operations or financial position at 31 December 2023.

34. Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year in accordance with International Accounting Standard (IAS) 1.

35. Going concern

The Company incurred a loss before taxation of ₦98 million during the year ended 31 December 2023 (2022: ₦106 million) and as at that date, the Company's current liabilities exceeded its current assets by ₦392 million (2022: ₦325 million). The Company also has accumulated losses of ₦838 million as at 31 December 2023 (2022: ₦739 million). In addition, no principal repayment has been made on the loan of ₦55 million obtained from AMC Multipurpose Ventures Limited since 2020 and loans amounting to ₦50 million obtained from Owel Linkso Group Limited, Palm Services Limited, and GTI Capital Ltd since 2022. However, the validity of the going concern basis depends on the ability of the Company to improve revenue and control costs and the willingness of the shareholders to continue their support by providing adequate working capital facilities. In the absence of such financial support from the shareholders, the going concern basis would be invalid.

The directors are implementing a number of measures to improve liquidity and profitability of the Company by implementing strategies to enhance revenue and control costs. Few of the strategies are:

1) **Focus on locally Manufactured Products (LMP)**

- (i) improve on core manufacturing
- (ii) introduction of new products (B2C)
- (iii) plan contract manufacturing to improve the capacity utilization and absolve part of the production overhead

2) **Aggressive sales drive**

- (i) restructure sales team and recruit experienced sales personnel
- (ii) engage in market activation
- (iii) partner with different experts to improve brand visibility
- (iv) extend sales geographical coverage beyond South-West region
- (v) deliberate marketing and sales of Medical Consumables

3) **Sourcing of fund for presence across key markets in Nigeria**

- (i) direct importation of raw materials to bring down cost of sales and ensure quality of materials
- (ii) bulk purchase of locally sourced raw and packaging materials to ensure competitive buying
- (iii) partner with distributors, chain stores and other businesses with good network

4) **New equity fund injection**

- (i) working on injecting new fund (non interest bearing) into the business. Discussions have reached an advanced stage.
- (ii) discussion is also on to partner with another company on both technical and marketing synergy

Based on the above and after due consideration of related uncertainties, the Directors are convinced that the Company is adequately positioned to continue in operations in the year ahead and consequently, prepared these financial statements on a going concern basis. The directors have a reasonable expectation that the Company will have adequate resources to continue in operations for the foreseeable future.

	2023 N'000	%	2022 N'000	%
Revenue	145,225		154,858	
Other operating income	55,387		59,261	
	<u>200,612</u>		<u>214,119</u>	
Less: Bought-in-materials and services:				
Local	(164,182)		(175,625)	
Foreign	-		-	
Value added	<u>36,430</u>	<u>100</u>	<u>38,494</u>	<u>100</u>
Value added as a percentage of revenue	<u>25%</u>		<u>25%</u>	
Distributed as follows:				
To pay employees' salaries, wages and fringe benefits				
Wages, salaries and benefits	80,622	221	86,643	225
To pay providers of funds - interest expenses	19,739	54	19,600	51
To provide for maintenance of property, plant and equipment				
Depreciation of property, plant and equipment	33,800	93	38,661	100
To pay taxes to Government				
Taxation	993	3	1,071	3
Results for the year				
Loss for the year	<u>(98,724)</u>	<u>(271)</u>	<u>(107,481)</u>	<u>(279)</u>
	<u>36,430</u>	<u>100</u>	<u>38,494</u>	<u>100</u>

	2023	2022	2021	2020	2019
Statement of profit or loss					
	N'000	N'000	N'000	N'000	N'000
Revenue	145,225	154,858	140,610	121,967	86,112
Loss before taxation	(97,731)	(106,410)	(93,462)	(106,927)	(104,289)
Taxation	(993)	(1,071)	(469)	(388)	(431)
Loss after taxation	(98,724)	(107,481)	(93,931)	(107,315)	(104,720)
Statement of financial position					
	N'000	N'000	N'000	N'000	N'000
Non-current assets	1,436,971	1,469,405	1,506,695	290,781	313,548
Current assets	88,512	98,670	107,962	97,908	134,190
Total assets	1,525,483	1,568,075	1,614,657	388,689	447,738
Current liabilities	480,247	424,115	363,216	286,689	238,223
Non-current liabilities	184,678	184,678	184,678	60,341	60,541
Total liabilities	664,925	608,793	547,894	347,030	298,764
Net assets	860,558	959,282	1,066,763	41,659	148,974
Equity					
Share capital	494,580	494,580	494,580	494,580	494,580
Share premium	84,477	84,477	84,477	84,477	84,477
Accumulated losses	(837,534)	(738,810)	(631,329)	(537,398)	(430,083)
Revaluation reserve	1,119,035	1,119,035	1,119,035	-	-
Total equity	860,558	959,282	1,066,763	41,659	148,974