

PZ CUSSONS NIGERIA PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 MAY 2022

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Corporate information

Board of Directors

Mr. G. Oyebode	-	Chairman, Non - Executive Director
Mr. P. Usoro, SAN	-	Non - Executive Director
Mrs. I.M.O Okauru, MFR	-	Independent Non-Executive Director
Mr. P. Katsis	-	Managing Director / Chief Executive Officer
Ms. J.F. Coker	-	Executive Director
Mr. Z. Momoniat	-	Executive Director
Mr D. Annis	-	Non Executive Director (Appointed w.e.f 25 March 2022)
Mr. K. Massie	-	Non Executive Director (Appointed w.e.f 25 March 2022)
Mrs. E. Ebi	-	Independent Non-Executive Director (Retired w.e.f 27 January, 2022)

Company Secretary / Legal Adviser

Mrs Jacqueline Ezeokwelume

Registered Office

45/47 Town Planning Way
Ilupeju Industrial Estate
P.M.B. 21132
Ikeja

Registration Number

RC 693

Registrars

First Registrars and Investors Service Limited
Plot 2, Abebe Village Road
Iganmu Complex
P.M.B. 12692
Lagos.

Independent Auditors

Deloitte & Touche (Chartered Accountants)

Civic Towers,

Plot GA1, Ozumba Mbadiwe Avenue
Victoria Island, Lagos, Nigeria

Financial highlights

<i>In thousands of naira</i>	The Group		% Change
	2022	2021 restated*	
Revenue	99,503,320	82,577,540	20%
Operating (loss)/profit	(231,533)	946,563	-124%
Profit before taxation	10,008,024	3,191,562	214%
Taxation	(3,308,700)	(1,411,858)	134%
Profit after tax	6,699,325	1,779,704	276%
Non-controlling interest	729,210	219,847	232%
Profit attributable to equity holders of parent company	<u>5,970,115</u>	<u>1,559,857</u>	283%
At year end:			
Share capital	1,985,238	1,985,238	0%
Total equity	<u>37,739,831</u>	<u>31,768,981</u>	19%
Data per 50k share			
Based on 3,970,477,045 ordinary shares of 50k each:			
Basic and diluted earnings per share (Naira)	1.50	0.39	283%
Number of employees	<u>1,040</u>	<u>1,182</u>	-12%
Stock exchange quotations in Naira (Company):			
	11.5	5.3	116%
As at 31 May			

***Refer to Note 29**

Directors' report

Accounts and Results

The Board of Directors of PZ Cussons Nigeria Plc is pleased to present to members the consolidated and separate statements of financial Position as at 31 May 2022 together with the consolidated and separate statements of profit or loss and other comprehensive income, changes in equity, cashflows for the year ended on that date and notes to the financial statements including a summary of significant accounting policies.

Operating Result

The following is the summary of the group's operating result as at 31 May 2022

	2022	2021	
	N'000	Restated N'000	Change %
Revenue	99,503,320	82,577,540	20%
Operating profit	(231,533)	946,563	-124%
Profit before taxation	10,008,024	3,191,562	214%
Taxation	(3,308,700)	(1,411,858)	134%
Profit for the year	6,699,325	1,779,704	276%
Non-controlling interest	729,210	219,847	232%
Profit attributable to equity holders of parent company	5,970,115	1,559,857	283%

Principal Activities

The principal activities of the group are the manufacture, distribution and sale of a wide range of consumer products and home appliances through owned depots. These products are leading brand names throughout the country in detergent, soap, cosmetics, refrigerators, freezers and air-conditioners. The Group facilitates the distribution of products of a related entity - Harefield Industrial Nigeria Limited'

Directors and their interest

The directors who served as at 31 May 2022 and their interest in the shares of the Group as recorded in the register of members for the purpose of Section 301 of the Companies and Allied Matters Act 2020, and in compliance with the Listing Requirements of the Nigerian Stock Exchange are as follows:

Directors	2022	2021
	Number	Number
Mr. G. Oyebode, MFR	Nil	Nil
Mrs. E. Ebi	Nil	Nil
Ms. J.F Coker	3,889	3,889
Mr. P. Usoro SAN	1,000,000	1,000,000
Mrs. I.M.O. Okauru, MFR	59,713	59,713
Mr. P. Katsis	Nil	Nil
Mr. Z. Momoniat	Nil	Nil

The above are the Directors holdings as at 31 May 2022.

Interest in contracts

In accordance with Section 303 of the Companies and Allied Matters Act 2020, Mr Paul Usoro, SAN hereby notifies the Group that he is a Partner in the law firm of Paul Usoro & Co which renders legal advisory services to the Group. No other Director has notified the Group of any declarable interest in any contract in which he/she was involved with the Group during the year.

Directors' report (cont'd)

Directors for re-election

In accordance with Article 90 of the Group's Articles of Association and Section 285 of the Companies and Allied Matters Act 2020, one third of the number of Directors, based on the length of stay in the office must retire at the Annual General Meeting. They may offer themselves for re-election. Accordingly, Mrs. Ifueko M. Omoigui Okauru, MFR and Mr. Gbenga Oyebode, MFR being eligible, have offered themselves for re-election. Mr Kevin Massie and Mr Duncan Annis was appointed to the Board after the last Annual General Meeting. Their appointment is now being presented for Shareholders' approval.

Records of Directors Attendance

In compliance with Section 284 (2) of the Companies and Allied Matters Act 2020, the Record of Directors' Attendance at Board Meetings in 2021/2022 financial year will be made available at the Annual General Meeting for inspection by members.

Meetings of the Board of Directors

As a rule, the Board of Directors meets at least quarterly and additional meetings are convened as required. Also, as allowed by the Group's Articles of Association, material decisions are sometimes taken between meetings by way of written resolutions.

At every quarterly meeting, the directors are provided with comprehensive reports of the activities of the various business units as well as important corporate events. They are also briefed on all business developments between meetings. The Board met six times during the 2022 financial year.

The meetings were presided over by the Chairman. In all cases, written notices of meetings, the meeting agenda as well as the reports for consideration were circulated well ahead of the meetings. The minutes of the meetings were appropriately recorded and circulated.

Attendance at Meetings

The Board has a formal schedule of meetings each year and met Six (6) times in the course of the year under review. The record of attendance of the Directors at the meetings is set below:

Directors	6/24/2021	9/30/2021	10/20/2021	12/16/2021	1/27/2022	3/25/2022
Mr. G. Oyebode	ü	ü	ü	ü	ü	ü
Mrs. E. Ebi *	ü	ü	ü	ü	ü	R
Mr. P. Usoro	ü	ü	ü	AB	ü	ü
Ms. J.F. Coker	ü	ü	ü	AB	ü	ü
Mrs. Omoigui Okauru	ü	ü	ü	ü	ü	ü
Mr. Z. Momoniat	ü	ü	ü	ü	ü	ü
Mr. P. Katsis	ü	ü	ü	ü	ü	ü
Mr. K. Massie *	NA	NA	NA	NA	NA	NA
Mr D. Annis *	NA	NA	NA	NA	NA	NA

ü Present
 AB Absent
 R Retired
 NA Not Appointed

* Mr. K. Massie became a member on 25 March 2022.

* Mr D. Annis became a member on 25 March 2022.

* Mrs. E. Ebi retired on 27 January 2022.

Directors' report (cont'd)

Major Shareholdings

According to the Register of members as at 31 May 2022, PZ Cussons (Holdings) Limited UK held 2,909,349,788 shares. This represents 73.27% of the paid-up capital of the Group.

Analysis of Shareholdings

Range	No. of Shareholders	Holders %	Units	% Units
1 - 1000	25,365	33.42%	10,724,903	0.27%
1001 - 5000	23,190	30.55%	57,261,847	1.44%
5001 - 10000	11,420	15.05%	87,649,979	2.21%
10001 - 50000	13,732	18.09%	281,109,350	7.08%
50001 - 100000	1,180	1.55%	83,343,936	2.10%
100001 - 500000	860	1.13%	165,922,806	4.18%
500001 - 1000000	81	0.11%	55,089,643	1.39%
1000001 - 5000000	65	0.09%	136,854,464	3.45%
5000001 - 10000000	1	0.00%	6,490,681	0.16%
10000001- 500000000	5	0.01%	117,801,120	2.97%
500000001- 1000000000	2	0.00%	141,321,368	3.56%
100000001- 3970477045	1	0.00%	2,826,906,948	71.20%
	75,902	100%	3,970,477,045	100%

Apart from PZ Cussons (Holdings) Limited, UK, no other shareholder held more than 5% of the paid up capital of the Group as at 31 May 2022.

Board Committees

The Board has established Standing Committees whose terms of reference clearly spelt out roles, responsibilities and scope of authorities. To ensure compliance with the Best Practice in Corporate Governance each Committee is chaired by a Non-Executive Director.

Board Audit and Risk Management Committee

The Committee is to assist the Board in its oversight of the risk profile, risk management framework and risk review strategy. The Committee is to carry out periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the Group's risk profile.

The Committee is made up of four (4) members namely

Mrs. I.M.O. Okauru, MFR	Chairman
Mr. P. Usoro SAN	Member
Mr. P. Katsis	Member
Mr Z. Momoniat	Member

The Committee met six times during the financial year. The table below summarises members' attendance at the meetings:

Name	No. of meetings held	No. of meetings attended
Mrs. I.M.O. Okauru, MFR	6	6
Mrs. E. Ebi*	6	3
Mr Z. Momoniat	6	6
Mr. P. Katsis	6	6
Mr. P. Usoro SAN**	6	3

The meetings were held on 23 June 2021, 22 September 2021, 15 December 2021, 11 February 2022, 23 March 2022 and 20 May 2022.

* Mrs. E. Ebi s retired 27 January 2022

** Mr.P. Usoro, SAN. became a member on 23 March 2022

Directors' report (cont'd)

Governance and People Committee

The committee advises the Board on the appointment of directors, corporate governance matters, staff welfare and remuneration, talent management and other strategic employees' relations matters.

The Committee members are:

Mr. P. Usoro, SAN	Chairman
Mrs. I.M.O. Okauru, MFR	Member
Ms. J.F. Coker	Member
Mr. P. Katsis	Member
Mr. K. Massie	Member

The Committee met three times during the financial year and the table below shows the attendance at the meetings:

Name	No. of meetings held	No. of meetings attended
Mr. P. Usoro, SAN	3	3
Mrs. I.M.O. Okauru, MFR	3	3
Ms. J.F. Coker	3	3
Mr. P. Katsis	3	3
Mr. K. Massie*	Nil	Nil

The meetings were held on 22, June 2021, 22 September 2021, and 25 January 2022.

* Mr. K. Massie became a member on 25 March 2022

Statutory Audit Committee

The Committee is established to perform the functions listed in Section 404 (7) of the Companies and Allied Matters Act 2020. The Committee consists of five (5) members made of three representatives of the shareholders elected at the previous Annual General Meeting for the tenure of one year and two Non-Executive Directors. The meetings of the Committee were attended by the Head of Internal audit and representatives of Deloitte & Touche, the Group's external auditors.

The following directors served on the Committee during the year:

Mrs. I.M.O. Okauru, MFR	-	Chairman
Mrs. E. Ebi	-	Retired
Mr. P. Usoro, SAN	-	Member

The table below summarises the attendance at the Committee meetings during the year: "

Name	No. of meetings held	No. of meetings attended
Mrs. I.M.O. Okauru, MFR *	4	3
Mrs. E. Ebi *	4	3
Mr. O.I. Obarinde	4	4
Mr. E.A. Akinduro	4	4
Hon. B. Nwabughogu	4	4
Mr. P. Usoro, SAN	4	3

The meetings were held on 23 June 2021, 22 September 2021, 15 December 2021 and 24 March 2022.

* Mrs. E. Ebi left the Committee on 27 January 2022.

* Mrs. I.M.O. Okauru, MFR became a member on 23 March 2022.

Directors' report (cont'd)

Board Composition

The Group's Articles of Association provides for a maximum of fifteen directors. At the date of this report, the Board consists of seven directors: four Non-Executive Directors and three Executive Directors. There is an ongoing board recruitment process for the appointment of independent non-executive directors as at the time of this Report.

The profile of the Board comprises distinguished individuals with diverse skills and competences in different areas of the Group's business. This continually ensures the realisation of the set corporate objectives.

In line with best practices, the position of the Chairman is distinct from that of the Group Chief Executive Officer.

The Chairman is Mr. Gbenga Oyebode, a Non-Executive Chairman while the Chief Executive Officer is Mr. Panagiotis Katsis. Furthermore, while the Chairman is responsible for the running of the Board, the Chief Executive Officer is responsible for coordinating the running of the business and implementing strategies.

Independent Directors

In compliance with the Code, two (2) of the five (5) Non-Executive Directors are independent directors having no significant shareholding interest or any special business relationship with the Group.

Board Operations

The Board is the ultimate governing body of the Group and it is responsible for its overall supervision and the protection of the interest of shareholders and other stakeholders. It ensures that the Group is appropriately managed to achieve strategic objectives.

The specific issues reserved for the Board include:

The ultimate direction of the Group particularly the conduct and supervision of the business.

- Determination of the Group's organisation
- Risk Management and internal control
- Supervision with respect to compliance with the law
- Corporate Governance matters
- Communication with shareholders
- Review of business performance

The Board has delegated to management the day-to-day running of the business and the Chief Executive Officer, who is the head of the Management Team, is answerable to the Board.

Board Appointment and Induction

Directors are appointed to the Board following a declaration of vacancy at a Board meeting. New Directors are selected through carefully articulated selection guideline that place emphasis on integrity, skills and competences relevant to the Group's goals and aspirations. The Policy confers on the Governance and People Committee the responsibility of identifying individuals with track record of outstanding achievements and potentials for value enhancement. The Committee's recommendation is subjected to further scrutiny by the Board before a decision is taken. The appointed director is made to undergo an induction programme to equip and familiarize him/her with requisite knowledge and information about the Group and its business. The appointed Director is presented at the next Annual general meeting for election.

Furthermore, a newly appointed director receives a letter of appointment spelling out in details the entitlements, terms of reference of the Board and its Committees and the Key Performance Indicators.

Directors' report (cont'd)

Board Evaluation

The Board has established a system to undertake a formal annual evaluation of its performance, that of its Committees and the individual directors. The Board appointed Ernst & Young to conduct the board evaluation on areas such as the ability of the Board to fulfil its general supervisory roles, preparation of members for meetings, participation at meetings, quality of proposals made by members at meetings etc. The questionnaires and interview sessions for the year ended 31 May 2022 was completed by members and the summary of the results compiled by Ernst & Young and submitted to the Board.

Based on the results, the Board, its committees and each individual director recorded a very good performance.

Internal Control

The Board maintained a sound system of internal control to safeguard shareholders investments and the Group's assets. The system of internal control provides reasonable assurance against material loss. The responsibilities include oversight functions of internal audit and control, risk assessment and compliance, conformity and contingency planning, and formalisation and improvement of business process.

Communication with shareholders

The Board is committed to an open and consistent communication policy with shareholders and other stakeholders. The guiding principle is that all shareholders should be given equal treatment in equal situations. Thus price sensitive information is published timely in full, simple and transparent format to all shareholders at the same time.

Furthermore, all shareholders have equal opportunity at the Annual General Meeting to present questions to the Board and make comments on any aspect of the financial statements.

Insider Dealings

The Group has regulations guiding directors, members of the Audit Committee and other officers of the Group on periods when they, or persons connected to them cannot lawfully effect transactions on the shares of the Group as well as the disclosure requirements when effecting any transaction on the Group's shares.

Dividend

A dividend in respect of the year ended 31 May 2022 of N1.01 kobo per share amounting to N4 billion was recommended at the board meeting held on 13 October 2022. The board recommended this dividend from gains earned from the disposal of certain assets on which Capital Gains Tax has been paid to the relevant tax authority. No provision for the dividend is recognised in the financial statements for the year then ended because, dividend is recognised as a liability in the period it is approved by shareholders.

E- Dividend

The Group consistently encourages its shareholders to embrace the e-dividend and e-bonus introduced in the capital market. This is to enable prompt crediting of shareholders account with dividend and their CSCS account with bonus shares. This will also eliminate the cost of posting dividend warrants and share certificate as well as the risk of being lost in the post.

Property, plant and equipment

Movement in property, plant and equipment during the year are shown in Note 4 of the financial statements. In the opinion of the Directors, the market value of the Group's property, plant and equipment is not lower than the value shown in the financial statements.

Distributors and Suppliers

The Group has 4 distribution centres across the country with over 1000 distributors.

The Group also obtains its requirements from both local and overseas suppliers. The principal overseas suppliers are associated companies within the PZ Cussons Group. The transactions are carried out at arm's length.

Directors' report (cont'd)

Research and Development

The Group's Research and Development efforts, supported through licensing and technical services agreement with overseas associated companies in the PZ Cussons Group are designed to ensure a constant programme of product improvement and new product introduction.

Employment of disabled persons

The Group's policy provides for due priority to be accorded to disabled persons in recruitment for any available position where their incapacity will not expose them to danger or serious disadvantage. Employees who become disabled in the course of their employment are retained and redeployed wherever possible within the context of the above policy.

Health Safety and welfare

The Group recognises the health and safety of its employees, customers, contractors and other stakeholders as a top priority and form an integral part of its business activities. We are committed to maintaining a safe working place at all times and in all sites, depots and business units across the country so as to avoid accidents and ill health due to work situation. We recognise that health and safety is fundamental to good manufacturing practice. The roll out of our world class manufacturing programme has ensured that our factories are pleasant work places.

Gifts and Donations

During the year ended 31 May 2022, the Group contributed N50 million (2021: N50 million) to PZ Foundation. The Foundation commissioned a number of sustainable projects to the benefit of various communities around the Country.

In accordance with Section 43 (2) of the Companies and Allied Matters Act 2020, the Group did not make any donation or gift to any political party, association or for any political purposes in the course of the year.

Employee involvement and training

The Group is committed to keeping employees informed regarding its performance and progress through regular briefings and meetings. Their views are sought wherever practicable on matters which affect them as employees. The Group believes that professional and technical expertise of its managers constitutes a major asset, and investment in developing such skills continues to receive attention.

The Group's skill base has been steadily expanding with the range of training provided for career development within the Group.

Statement of Compliance

We hereby affirm that that the SEC Code of Corporate Governance governs the operations of the Group confirm that to the best of our knowledge we are in compliance with the Code.

Complaint Management Policy

The Complaint Management Policy sets out the broad framework bend to issues which the Group and its Registrars attend to issues and concerns raised by shareholders and provide the opportunity for shareholders to give feedback to the Group. The Group is dedicated to ensuring great standard of services to its shareholders by:

- Creating an efficient process for the management of shareholders' complaints and enquiries
- Ensuring that all matters relating to shareholders are adequately addressed; and
- Making information readily available to shareholders.

Communication Policy

Our Group has in place a Communication Policy in accordance with the requirements of the Securities & Exchange Commission.

The Board recognises the need to communicate and disseminate information regarding the operations and management of the Group to all relevant stakeholders (including Shareholders, regulatory authorities, media, analysts and the general public).

Directors' report (cont'd)

Independent Auditors

The firm of Deloitte & Touche served as the Independent Auditor during the year under review. In accordance with Section 401(2) of CAMA 2020, Deloitte & Touche have indicated their willingness to continue in office as Independent Auditor of the Group.

Dated 14 October 2022

BY ORDER OF THE BOARD



Jacqueline Ezeokwelum
Company Secretary/Legal Adviser
FRC/2015/NBA/00000020208
Lagos, Nigeria

Statement of directors responsibilities

The Directors of PZ Cussons Nigeria PLC are responsible for the preparation of the consolidated and separate financial statements that gives a true and fair view of the financial position of the Group and Company as at 31 May 2022, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, 2020 and the Financial Reporting Council of Nigeria Act, 2011.

In preparing these consolidated and separate financial statements, the Directors' are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance;
- making an assessment of the Group's ability to continue as a going concern;
- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

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

The consolidated and separate financial statements of the Group and Company for the year ended 31 May 2022 were approved by the Directors on 13 October 2022.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Gbenga Oyebo
Chairman
FRC/2013/NBA/0000002546

Mr. Panagiotis Katsis
Chief Executive Officer
FRC/2020/003/0000021969

Mr. Zuber Momoni
Executive Director
FRC/2018/IODN/0000018772

Certification of financial statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, 2020 the Chief Executive Officer and the Chief Financial Officer certify that the consolidated and separate financial statements have been reviewed and based on our knowledge, the

- audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
- audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the periods covered by the audited financial statements

We state that management and directors:

- are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company is made known to the officer by other officers of the Company , particularly during the period in which the audited financial statement report is being prepared,
- has evaluated the effectiveness of the Company’s internal controls within 90 days prior to the date of its audited financial statements, and
- certifies that Company’s internal controls are effective as of that date.

We have disclosed:

- all significant deficiencies in the design or operation of internal controls which could adversely affect the Company’s ability to record, process, summarise and report financial data, and has identified for the Company’s auditors any material weaknesses in internal controls, and
- whether or not, there is any fraud that involves management or other employees who have a significant role in the Company’s internal control; and
- as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The consolidated and separate financial statements of the Group and Company for the year ended 31 May 2022 were approved by the Directors on 13 October 2022.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Gbenga Oyebo
Chairman
FRC/2013/NBA/0000002546

Mr. Panagiotis Katsis
Chief Executive Officer
FRC/2020/003/0000021969

Mr. Zuber Momoni
Executive Director
FRC/2018/IODN/0000018772

Report of the Audit Committee

To: The members of PZ Cussons Nigeria Plc

In accordance with the provisions of section 404(7) of the Companies and Allied Matters Act, 2020, the Members of the Audit Committee of PZ Cussons Nigeria Plc having carried out our statutory functions under the Act, hereby report that:

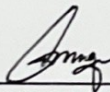
- a) the accounting and reporting policies of the Group and Company are in accordance with legal requirements and agreed ethical practices;
- b) the scope and planning of both the external and internal audit for the year ended 31st May, 2022 are satisfactory. The internal audit programmes reinforce the Group's and Company's internal control system; and
- c) having reviewed the Independent Auditor's memorandum of recommendations on accounting procedures and internal controls, we are satisfied with Management responses thereon.

Finally, we acknowledge the co-operation of Management and staff in the conduct of our duties.

Members of the Audit Committee

Mrs. Ifueko M. Omoigui Okauru, MFR	Chairman, Director's Representative	FRC/2016/ICAN/00000014169
Mr. P. Usoro, SAN	Director's Representative	FRC/2013/NBA/00000002957
Mr. O.I. Obarinde	Shareholders' Representative	FRC/2021/002/00000024587
Mr. E.A. Akinduro	Shareholders' Representative	FRC/2020/002/00000020764
Hon. B. Nwabughogu	Shareholders' Representative	FRC/2021/002/00000024861

The Company Secretary served as the Secretary to the Committee.



Mrs. Ifueko M. Omoigui Okauru, MFR
FRC/2016/ICAN/00000014169

14 October 2022

Independent auditor's report

To the Shareholders of PZ Cussons Nigeria Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **PZ Cussons Nigeria Plc** and its subsidiary (the Group and Company) set out on pages 5 to 81, which comprise the consolidated and separate statements of financial position as at *31 May 2022*, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **PZ Cussons Nigeria Plc** as at *31 May 2022*, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act and Financial Reporting Council Act.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group and Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated Financial Statements in Nigeria.

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

Key Audit Matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated and separate financial statements of the current period. The matter was addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on the matter.



Key Audit Matter	How the matter was addressed in the audit
<p>Evaluation of Compliance with Tax Laws and Regulations</p>	
<p>As more fully described in Note 29 to the consolidated and separate financial statements, the Group identified an issue relating to indirect tax whereby management incorrectly assessed the applicability of VAT to sales of some goods and purchases of some raw materials over a period between 2016 and 2019. Additional tax obligations were also assessed in relation to income tax and uncertain tax provision adjustment.</p>	<p>The primary procedures we performed to address this key audit matter included the following:</p> <ul style="list-style-type: none"> • Obtained an understanding of the underlying tax and accounting transactions resulting in prior period tax matters. • Obtained and reviewed Management's position on the treatment of relevant and applicable tax areas. • Engaged the services of Deloitte tax specialists with specialized skills and knowledge to: <ul style="list-style-type: none"> - perform a review of Management's position and perform an independent review of the underlying transactions. - Inspect correspondence documents with Nigerian tax authorities and evaluate the implications of the matters raised by such authorities as well as a completeness check relating to other ongoing tax inquiries. - Inspect and challenge the opinions provided by the Company's tax advisors. - assess whether it was probable that uncertain income tax treatments related to identified tax claims and contingencies would be accepted by the relevant tax authorities. - Obtain and review the Stock Keeping Units (SKU) list to ensure that all SKUs currently categorised as non-vatable is accurate. - assess laws and regulations for other areas of direct and indirect taxes that is applicable to the company's operations and industry.
<p>The Group considers that these tax issues result in a potential liability that has not previously been recognised in the consolidated and separate financial statements. The Group has therefore considered it appropriate to recognise these provisions in line with IAS 37- Provision, Contingent Liabilities and Contingent Assets and IAS 12- Income Taxes by its FY22 reporting date.</p>	
<p>Considering that this time period is before FY21, which is the earliest prior period presented in the financial statements, the Group has restated the opening balance sheet of this comparative period in line with IAS 8- Accounting Policies, Changes in Accounting Estimates and Errors</p>	
<p>A comparative period net provision of N3.4 billion (2020: N2.87 billion) and N2.85 billion (2020: N2.31billion) have been recorded within the current liabilities for the consolidated and separate financial statements respectively, while a N622million reduction in the provision made in the comparative period has been recorded within non-current liabilities in the consolidated and separate statement of financial position.</p>	<ul style="list-style-type: none"> - Obtain and review the Stock Keeping Units (SKU) list to ensure that all SKUs currently categorised as non-vatable is accurate. - assess laws and regulations for other areas of direct and indirect taxes that is applicable to the company's operations and industry.
<p>A resulting reduction in the Group comparative period retained earnings has been made for the net value of NGN 2.65 billion (2020: NGN 2.73) and a resulting reduction in Company's comparative period retained earnings has been made for the net value of NGN 2.23 billion (2020: N2.31 billion).</p>	<ul style="list-style-type: none"> • Performed an assessment of the independence, competency, and experience of tax specialists • Reviewed the assessment performed by the tax specialists and report relevant findings to management and those charged with governance. • Reviewed the impact assessment based on the findings of the tax specialists.
<p>The matter is considered a key audit matter as it relates to an area of significant risk identified in accordance with ISA 315 (Revised), and an area requiring significant auditor attention.</p>	<ul style="list-style-type: none"> • Performed consultation with Deloitte technical team to agree on the treatment and conclusion relating to the accounting, audit restatement and non-compliance with laws and regulation (NOCLAR) considerations.
<p>This is considered a key audit matter in both the consolidated and separate financial statements.</p>	
<p>As more fully described in Note 29, management has instituted an ongoing investigation relating to the VAT compliance issue and an independent advisor has been engaged in this regard. The investigation was initiated to assess the cause of the error which has been corrected in these financial statements.</p>	<ul style="list-style-type: none"> • Discussed and reviewed related audit adjustments with Management. • Reviewed the restatement of the prior year audit numbers and the relevant disclosures.
	<p>Based on the procedures performed, management's conclusion and the accounting treatment of identified tax matters as well as the restatement thereon were found to be adequate.</p>

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, the Audit Committee's Report, statement of directors' responsibilities, certification of financial statements, corporate information and financial highlights, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and 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 Group and / or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate 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 Group's and 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 Group's and 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 consolidated and separate 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 Group and / or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the Fifth Schedule of Companies and Allied Matters Act we expressly state that:

- i) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit.
- ii) The Group has kept proper books of account, so far as appears from our examination of those books.
- iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.



Hassan Lawal, FCA - FRC/2013/ICAN/000000001382

For: Deloitte & Touche

Chartered Accountants

Lagos, Nigeria

16 October 2022



Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
For the year ended 31 May

	Note	Group		Company	
		2022	2021 Restated*	2022	2021 Restated*
<i>In thousands of naira</i>					
Revenue	27	99,503,320	82,577,540	58,264,660	47,832,559
Cost of sales	25a	(75,202,156)	(59,484,304)	(47,098,064)	(35,497,947)
Gross profit		24,301,164	23,093,236	11,166,596	12,334,612
Selling and distribution expenses	25a	(10,017,575)	(9,326,467)	(6,950,684)	(6,408,829)
Impairment of trade receivables	25a	(149,054)	(85,064)	(86,538)	(53,313)
Administrative expenses	25a	(10,206,473)	(6,784,355)	(8,284,397)	(5,067,888)
Foreign exchange loss	25b	(4,159,595)	(5,950,787)	(1,419,868)	(1,791,086)
Operating (loss)/profit		(231,533)	946,563	(5,574,891)	(986,504)
Other income	26	9,412,353	2,077,916	9,518,974	2,224,638
Interest income	35	836,144	238,563	933,042	408,039
Interest cost	35	(8,939)	(71,480)	(1,959)	(12,329)
Profit before tax		10,008,025	3,191,562	4,875,166	1,633,844
Income tax expense	20	(3,308,700)	(1,411,858)	(1,091,514)	(732,271)
Profit for the year		6,699,325	1,779,704	3,783,652	901,573
Total comprehensive income for the year		6,699,325	1,779,704	3,783,652	901,573
Profit for the year attributable to:					
Equity holders of the parent company		5,970,115	1,559,857	3,783,652	901,573
Non-controlling interest		729,210	219,847	-	-
		6,699,325	1,779,704	3,783,652	901,573
Total comprehensive income for the year attributable to:					
Equity holders of the parent company		5,970,115	1,559,857	3,783,652	901,573
Non-controlling interest		729,210	219,847	-	-
Total comprehensive income for the year		6,699,325	1,779,704	3,783,652	901,573


The accompanying notes on pages 10 to 77 form an integral part of these financial statements.


* Refer to Note 29


Consolidated and Separate Statements of Financial Position
As at 31 May


In thousands of naira	Note	2022	Group 2021 Restated*	1 June 2020 Restated*	2022	Company 2021 Restated*	1 June 2020 Restated*
Assets							
Non-current assets							
Property, plant and equipment	4a	16,490,087	24,670,097	26,190,242	15,137,428	23,126,484	24,628,863
Right-of-use assets	7	92,879	201,212	275,042	64,612	171,719	209,724
Intangible assets	9	529,808	635,770	741,732	529,808	635,770	741,732
Investment in subsidiary	10	-	-	-	504,406	504,406	504,406
Investment property	6	1,646,739	-	-	1,646,739	-	-
Deferred taxation	21	281,734	991,402	1,497,087	-	-	-
Other assets	14	47,321	232,342	-	47,321	232,342	-
Total non-current assets		19,088,568	26,730,823	28,704,103	17,930,314	24,670,721	26,084,725
Current assets							
Inventories	11	26,891,779	23,227,964	26,258,699	19,263,283	15,282,696	15,654,747
Trade and other receivables	12	8,246,788	9,899,883	8,016,571	4,748,003	4,954,070	4,087,173
Loan receivables	13	-	5,000,000	2,049,000	-	10,368,797	2,049,000
Other assets	14	1,187,150	1,286,579	1,010,312	1,187,150	1,152,622	849,486
Deposits for imports	15	190,273	32,227	497,114	-	32,227	15,463
Derivatives	24	431,803	582,967	704,961	324,820	95,293	302,906
Cash and cash equivalents	16	52,845,333	20,584,428	10,792,938	35,830,975	12,812,282	8,573,322
Total current assets		89,793,126	60,614,048	49,329,595	61,354,231	44,697,987	31,532,097
Asset held for sale	5	590,990	-	-	590,990	-	-
Total assets		109,472,684	87,344,871	78,033,698	79,875,535	69,368,708	57,616,822
Equity and liabilities							
Equity							
Share capital	17	1,985,238	1,985,238	1,985,238	1,985,238	1,985,238	1,985,238
Share premium		6,878,269	6,878,269	6,878,269	6,878,269	6,878,269	6,878,269
Retained earnings		25,301,572	20,059,932	18,897,123	15,008,640	11,953,463	11,448,939
Equity attributable to equity holders of parent company		34,165,079	28,923,439	27,760,630	23,872,147	20,816,970	20,312,446
Non-controlling interest		3,574,752	2,845,542	2,625,695	-	-	-
Total Equity		37,739,831	31,768,981	30,386,325	23,872,147	20,816,970	20,312,446
Liabilities							
Non-current liabilities							
Deferred income	18	9,145	5,025	6,605	9,145	5,025	6,605
Contract liabilities	19	-	-	54,442	-	-	-
Deferred taxation	21	5,360,236	5,807,873	6,292,507	5,360,236	5,807,873	6,292,507
Warranty provisions	22	248,817	281,817	245,418	-	-	-
Lease Liability	8	36,133	69,506	119,847	22,668	61,134	91,887
Total non-current liabilities		5,654,331	6,164,221	6,718,819	5,392,049	5,874,032	6,390,999
Current liabilities							
Trade and other payables	23	60,992,553	46,673,723	39,890,452	48,481,317	41,185,434	30,627,490
Loan payables		-	-	-	-	-	-
Deferred income	18	55,980	72,787	20,827	55,980	72,787	20,827
Contract liabilities	19	1,161,394	513,965	-	572,350	203,764	-
Current taxation payable	20	3,697,278	1,894,465	762,650	1,459,748	1,105,136	147,223
Warranty provisions	22	114,571	125,023	99,430	-	-	-
Lease Liability	8	56,746	131,706	155,195	41,944	110,585	117,837
Total current liabilities		66,078,522	49,411,669	40,928,554	50,611,339	42,677,706	30,913,377
Total liabilities		71,732,853	55,575,890	47,647,373	56,003,388	48,551,738	37,304,376
Total equity and liabilities		109,472,684	87,344,871	78,033,698	79,875,535	69,368,708	57,616,822

These financial statements were approved by the Board of Directors on 13 October 2022 and signed on its behalf by:


Mr. Gbenga Oyebo
Chairman
FRC/2013/NBA/00000002546


Mr. Panagiotis Katsis
Chief Executive Officer
FRC/2020/003/00000021969


Mr. Zuber Momoniat
Executive Director
FRC/2018/IODN/00000018772


Mr. Evans Eghosa Enabulele
Head, Financial Reporting & Accounting
FRC/2017/ICAN/00000017126

The accompanying notes on pages 10 to 77 form an integral part of these financial statements.

Consolidated Statements of Changes in Equity
For the year ended 31 May 2022

<i>In thousands of naira</i>	Notes	Group				Total equity
		Attributable to owners			Non controlling interest	
		Share capital	Share premium	Retained earnings		
Balance at 1 June 2021 - restated		1,985,238	6,878,269	20,059,932	2,845,542	31,768,981
		1,985,238	6,878,269	20,059,932	2,845,542	31,768,981
Comprehensive income for the year						
Profit for the year		-	-	5,970,115	729,210	6,699,325
Total comprehensive income for the year		-	-	5,970,115	729,210	6,699,325
Transactions with owners						
Dividend declared during the year ended 31 May 2021	23.1a	-	-	(992,620)	-	(992,620)
Unclaimed dividends forfeited	23.1b	-	-	264,145	-	264,145
Total transactions with owners, recorded directly in equity		-	-	(728,475)	-	(728,475)
Balance at 31 May 2022		1,985,238	6,878,269	25,301,572	3,574,752	37,739,831
Balance at 1 June 2020 as originally presented		1,985,238	6,878,269	21,628,415	2,765,264	33,257,186
Impact of restatement (Note 29(ii))		-	-	(2,731,292)	(139,569)	(2,870,861)
Restated balance - 1 June 2020		1,985,238	6,878,269	18,897,123	2,625,695	30,386,325
Comprehensive income for the year						
Profit for the year		-	-	1,559,857	219,847	1,779,704
Total comprehensive income for the year		-	-	1,559,857	219,847	1,779,704
Transactions with owners						
Dividend declared during the year ended 31 May 2020	23.1a	-	-	(397,048)	-	(397,048)
Total transactions with owners, recorded directly in equity		-	-	(397,048)	-	(397,048)
Balance at 31 May 2021 - restated		1,985,238	6,878,269	20,059,932	2,845,542	31,768,981

The accompanying notes on pages 10 to 77 form an integral part of these financial statements.

Consolidated statement of changes in equity
For the year ended 31 May 2022

<i>In thousands of naira</i>	Notes	Company			Total equity
		Share capital	Attributable to owners		
		Share premium	Retained earnings		
Balance at 1 June 2021 - restated		<u>1,985,238</u>	<u>6,878,269</u>	<u>11,953,463</u>	<u>20,816,970</u>
		1,985,238	6,878,269	11,953,463	20,816,970
Comprehensive income for the year					
Profit for the year		-	-	<u>3,783,652</u>	<u>3,783,652</u>
Total comprehensive income for the year		-	-	<u>3,783,652</u>	<u>3,783,652</u>
Transactions with owners					
Dividend declared during the year ended 31 May 2021	23.1a			(992,620)	(992,620)
Unclaimed dividends forfeited	23.1b	-	-	<u>264,145</u>	<u>264,145</u>
Total transactions with owners, recorded directly in equity				<u>(728,475)</u>	<u>(728,475)</u>
Balance at 31 May 2022		<u>1,985,238</u>	<u>6,878,269</u>	<u>15,008,640</u>	<u>23,872,147</u>
Balance at 1 June 2020 as originally stated		<u>1,985,238</u>	<u>6,878,269</u>	<u>13,761,685</u>	<u>22,625,192</u>
Impact of restatement (Note 29(iii))		-		<u>(2,312,746)</u>	<u>(2,312,746)</u>
Restated balance - 1 June 2020		<u>1,985,238</u>	<u>6,878,269</u>	<u>11,448,939</u>	<u>20,312,446</u>
Comprehensive loss for the year					
Profit for the year		-	-	<u>901,573</u>	<u>901,573</u>
Total comprehensive loss for the year		-	-	<u>901,573</u>	<u>901,573</u>
Transactions with owners					
Dividend declared during the year ended 31 May 2020	23.1a			(397,048)	(397,048)
Total transactions with owners, recorded directly in equity				<u>(397,048)</u>	<u>(397,048)</u>
Balance at 31 May 2021 restated		<u>1,985,238</u>	<u>6,878,269</u>	<u>11,953,463</u>	<u>20,816,970</u>

The accompanying notes on pages 10 to 77 form an integral part of these financial statements.

Statements of cash flows
For the year ended 31 May

	Note	Group		Company	
		2022	2021 Restated*	2022	2021 Restated*
<i>In thousands of naira</i>					
Operating activities					
Profit before tax		10,008,024	3,191,562	4,875,166	1,633,844
Adjustments for:					
Depreciation of property, plant & equipment	4a	2,329,868	2,595,617	2,132,763	2,409,494
Impairment of property, plant & equipment	4a	3,361,872	-	3,361,872	-
Write off of property, plant & equipment	4a	-	420	-	420
Depreciation of right-of-use	7	140,658	164,948	111,707	129,123
Amortization of intangible asset	9	105,962	105,962	105,962	105,962
Profit on disposal of PPE	26	(8,865,457)	(1,898,883)	(8,865,444)	(1,898,883)
Effect of foreign exchange rate changes		(15,263)	(748,508)	(15,141)	(241,010)
Obsolescence/ damaged inventory	11	2,200,000	116,400	2,200,000	-
Global shared services support	23	3,254,113	2,863,033	1,447,276	1,579,200
Technical Know, R&D, Trademark & Mgt. fees	23	2,646,058	2,285,851	2,646,058	2,285,851
Interest expense	35	8,939	71,480	1,959	12,329
Interest income	35	(836,144)	(238,563)	(933,042)	(408,039)
		14,338,630	8,509,319	7,069,136	5,608,291
Change in:					
Inventories	11	(5,863,815)	2,914,335	(6,180,587)	372,051
Trade and other receivables		1,653,096	(1,883,312)	206,067	(866,897)
Other assets		284,450	(508,609)	150,493	(535,478)
Deposit for imports		(158,046)	464,887	32,226	(16,764)
Derivatives		151,164	121,994	(229,527)	207,613
Trade and other payables	23	8,682,805	1,634,387	3,466,694	6,692,892
Deferred Income		(12,686)	50,380	(12,686)	50,380
Contract liabilities		647,429	459,523	368,586	203,764
Warranty provisions		(43,452)	61,992	-	-
		19,679,575	11,824,896	4,870,402	11,715,852
Cash generated from operating activities		19,679,575	11,824,896	4,870,402	11,715,852
Income tax paid	20	(1,243,856)	(258,992)	(1,184,539)	(258,992)
		18,435,719	11,565,904	3,685,863	11,456,860
Net cash flows from operating activities		18,435,719	11,565,904	3,685,863	11,456,860
Investing activities					
Interest income	35	836,144	238,563	933,042	408,039
Loan advanced	13	-	(36,319,300)	(5,451,626)	(25,347,651)
Loan repayment	13	5,000,000	33,368,300	15,820,423	17,027,854
Proceeds from sale of property, plant and equipment		9,841,258	1,949,946	9,840,928	1,949,946
Acquisition of property, plant and equipment	4a	(725,262)	(1,126,955)	(718,792)	(958,598)
		14,952,140	(1,889,446)	20,423,975	(6,920,410)
Net cash from/(used in) investing activities		14,952,140	(1,889,446)	20,423,975	(6,920,410)
Financing activities					
Dividends paid	23.1b	(992,620)	(397,048)	(992,620)	(397,048)
Interest expense paid	35	(8,939)	(71,480)	(1,959)	(12,329)
Lease payment	8	(140,658)	(164,948)	(111,707)	(129,123)
		(1,142,217)	(633,476)	(1,106,286)	(538,500)
Net cash flows used in financing activities		(1,142,217)	(633,476)	(1,106,286)	(538,500)
Net increase in cash and cash equivalents		32,245,642	9,042,982	23,003,552	3,997,950
Cash and cash equivalents at 1 June		20,584,428	10,792,938	12,812,282	8,573,322
Effect of foreign exchange rate changes		15,263	748,508	15,141	241,010
		52,845,333	20,584,428	35,830,975	12,812,282
Cash and cash equivalents at 31 May	16	52,845,333	20,584,428	35,830,975	12,812,282

The accompanying notes on pages 10 to 77 form an integral part of these financial statements.

Notes to the consolidated and separate financial statements

1 General information

The Group

PZ Cussons Nigeria Plc is a Company incorporated in Nigeria on 4 December 1948 under the name of P.B. Nicholas and Company Limited. The name was changed to Alagbon Industries Limited in 1953 and to Associated Industries Limited in 1960. The Company became a public Company in 1972 and was granted a listing on the Nigerian Stock Exchange. The name was changed to Paterson Zochonis Industries Limited on 24 November 1976 and in compliance with the Companies and Allied Matters Act 2020 as amended, it changed its name to Paterson Zochonis Industries Plc on 22 November 1990. On 21 September, 2006, the Company adopted its present name of PZ Cussons Nigeria Plc.

The principal activities of the group are the manufacture, distribution and sale of a wide range of consumer products and home appliances through owned depots. These products are leading brand names throughout the country in detergent, soap, cosmetics, refrigerators, freezers and air-conditioners. The group also distributes products of Nutricima Limited, Harefield Industrial Nigeria Limited and PZ Wilmar Food Limited.

The address of the registered office is 45/47 Town Planning Way, Ilupeju, Lagos.

These consolidated and separate financial statements are presented in Nigerian Naira which is the functional currency of the primary economic environment in which the Group operates. The financial statements have been rounded to the nearest thousands.

These consolidated and separate financial statements comprises that of the group and the stand alone financial statements of the parent Company.

2 Summary of significant accounting policies of the Group and Company

2.1 Statement of compliance

The Group and Company's financial statements for the year ended 31 May, 2022 have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB (together "IFRS") that are effective during the year ended 31 May, 2022 and requirements of the Companies and Allied Matters Act (CAMA) 2020 of Nigeria as amended and the Financial Reporting Council (FRC) Act of Nigeria.

2.2 Basis of preparation and measurement

The preparation of consolidated and separate financial statements in conformity with generally accepted accounting principles under IFRS requires the directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Disclosed in Note 2.25 are areas where significant judgement and estimate has been applied in the preparation of these financial statements.

The consolidated and separate financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Notes to the consolidated and separate financial statements

2.2 Basis of preparation and measurement (cont'd)

Fair value for measurement and/or disclosure purposes in these Consolidated and Separate Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

2.1.1 Going concern

The consolidated and separate financial statements have been prepared on a going concern basis. Nothing has come to the attention of the directors that cast doubt about the ability of the Group to continue as a going concern.

2.1.2 Application of new and revised International Financial Reporting Standards

New and amended standards adopted by the Group and Company

The Group has applied the following standards and amendments for the first time for the annual reporting year commencing 1 June 2021:

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
 - Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16
- (i) Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:
- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
 - Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
 - Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments have no impact on the financial statements of the Group.

(ii) **Covid-19-Related Rent Concessions beyond 30 June 2021 Amendments to IFRS 16**

On 28 May 2020, the IASB issued Covid-19-Related Rent Concessions - amendment to IFRS 16 Leases

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022. The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

Notes to the consolidated and separate financial statements

2.1.2 Application of new and revised International Financial Reporting Standards

New accounting standards issued but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

(i) IFRS 17 Insurance contracts

The new standard establishes the principle for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance contracts.

The standard outlines a General Model, which is modified for insurance contracts with direct participation features described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' option and guarantees.

The implementation of the Standard is unlikely to bring significant changes entity's processes, systems and financial statements as the Group does not hold insurance contracts.

The standard is effective for annual reporting periods beginning on or after 1 January 2023 with early application permitted as long as IFRS 9 and IFRS 15 are also applied.

For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The directors of the Group do not anticipate that the application of the Standard in the future will have an impact on the Group's financial statements.

(ii) Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture.

Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Notes to the consolidated and separate financial statements

2.1.2 Application of new and revised International Financial Reporting Standards

New accounting standards issued but not yet effective

(iii) Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date.

Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1st January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier. This may have an impact on the Group financial statements if such transactions occur in future.

(iv) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1st January 2023, with early application permitted. This is not expected to have a material impact on the Group financial statements.

(v) Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories

The amendments also clarify the meaning of ‘testing whether an asset is functioning properly’. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity’s ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

Notes to the consolidated and separate financial statements

2.1.2 Application of new and revised International Financial Reporting Standards (cont'd)

New accounting standards issued but not yet effective (cont'd)

(v) Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use (cont'd)

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The Directors anticipate that the amendment will have an impact on the financial statements if such transactions occur.

(vi) Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1st January 2022, with early application permitted. The Directors anticipate that the amendment will have an impact on the financial statements if such transactions occur.

(vii) Annual Improvements to IFRS Standards 2018–2020 (The Annual Improvements include amendments to four Standards)

IFRS 1 First-time Adoption of International Financial Reporting Standards

The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). The amendment is effective for annual periods beginning on or after 1st January 2022, with early application permitted.

IFRS 9 Financial Instruments

The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1st January 2022, with early application permitted.

Notes to the consolidated and separate financial statements

2.1.2 Application of new and revised International Financial Reporting Standards (cont'd)

New accounting standards issued but not yet effective (cont'd)

(vii) **Annual Improvements to IFRS Standards 2018–2020 (The Annual Improvements include amendments to four Standards) (cont'd)**

IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated.

IFRS 41 Agriculture

The amendment removes the requirement in paragraph 22 of IAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of IAS 41.

An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after 1 January 2022 with earlier adoption permitted.

The amendments are not expected to have a material impact on the Group.

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties; rights arising from other contractual arrangements;
- rights arising from other contractual agreements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Notes to the consolidated and separate financial statements**2.3 Basis of consolidation (cont'd)**

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition by acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.4 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired, and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Management which comprises the five Executive Directors.

An operating segment is a distinguishable component of the Group that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The primary format for segment reporting is based on business segments. The business segments are determined by management based on the Group's internal reporting structure.

Notes to the consolidated and separate financial statements

2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for sale of home and personal care products and durable electrical appliances, in the ordinary course of the Group's activities and it is stated net of value added tax (VAT), rebates and returns. A valid contract is recognised as revenue after the below conditions are met:

- The contract is approved by the parties
- Rights and obligations are recognised
- Collectability is probable
- The contract has commercial substance; and
- The payment terms and consideration are identifiable.

The probability that a customer would make payment is ascertained based on the evaluation done on the customer as stated in the credit management policy at the inception of the contract. The Group is the principal in all of its revenue arrangement since it is the primary obligor in most of the revenue arrangements, has inventory risk and determines the pricing for the goods and services.

2.6.1 Sale of goods

For sales of consumer goods to the wholesale market, revenue is recognised when control of the goods has transferred, being generally on receipt or collection by wholesaler. Following receipt, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group on receipt or collection by wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Under the Group's standard contract terms, customers have a right of return within 30 days. At the point of sale, a refund liability and a corresponding adjustment to revenue is recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return so consequently recognises a right to returned goods asset and a corresponding adjustment to cost of sales.

The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

For sales of goods to the wholesale market, revenue is recognised by the Group at a point in time in line with the policy outlined above for the sale of consumer goods. There exists the same 30 day right of return and accordingly a refund liability and a right to returned goods asset are recognised in relation to items expected to be returned.

2.6.2 Tradex

Tradex consists primarily of customer pricing allowances and promotional allowances, governed by agreements with our trade customers. Accruals are recognised under the terms of these agreements, to reflect the expected promotional activity and our historical experience. These accruals are reported within trade and other payables.

The Group provides for amounts payable to trade customers for promotional activity. Where a promotional activity spans across the year end, an accrual is reflected in the Group accounts based on our expectation of consumer uptake during the promotional period and the extent to which temporary promotional activity has occurred.

2.6.3 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Notes to the consolidated and separate financial statements

2.7 Leases

The Group's leasing activities and its accounting policies under IFRS 16 Leases

The nature of the Group's leasing activities is mainly motor vehicle. Rental contracts are typically made for fixed periods of 1 to 3 years but may have extension options as described in (i) below.

i Extension and termination options

Extension and termination options are included in a number of motor vehicle leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is measured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is measured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Notes to the consolidated and separate financial statements

2.7 Leases (cont'd)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. The Group has leases that include purchase options or transfer ownership of the underlying asset.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset.

The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other operating expenses" in the Income Statement.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within administrative expenses in the Consolidated income Statement.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

2.8 Foreign currencies

Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated and separate financial statements are presented in 'Nigerian Naira' (N).

Transactions and balances

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are 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 translated 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 not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within finance income or cost". All other foreign exchange gains and losses are presented separately in the income statement where material.

Notes to the consolidated and separate financial statements

2.9 Finance income and expense

Finance income and expense are recognised in the income statement in the period in which they are earned or incurred.

Interest income and expense are recognised using the effective interest method.

2.10 Employee benefits

2.10.1 Short-term employee benefit - Gratuity scheme

PZ Cussons Nigeria Plc gratuity scheme is a short-term employee benefit that is computed based on the agreement between PZ Cussons Nigeria Plc and Staff of PZ Cussons Nigeria Plc dated 31 December 2006.

The scheme expense is computed on a monthly basis based on the length of service of the employee and the gross pay of the employee for the year under consideration. The scheme is funded directly using the Group's cash flow and expensed to the income statement appropriately.

The PZ Cussons Nigerian Plc gratuity scheme runs from January to December of each year and it is paid in the month of February of the subsequent year. The gratuity scheme obligation at the end of each year relates to gratuity award for January to May that are due to be paid to staff but unpaid as at year end.

The scheme is only applicable for staff engaged before 1 January 2007 hence, all staff employed subsequently are not covered by the scheme.

2.10.2 Defined contribution scheme

The group operates a defined contribution plan. The defined contribution plan pays a fixed contribution into a separate entity. Hence, the group has no legal or constructive obligation to pay further contribution if the fund does not hold sufficient asset to pay all the employees the benefits relating to employees' service in the current and prior period.

The contributions are recognised as employee benefit expenses when they are due. The group has no further payment obligation once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payment is available. The group and employees each contribute 15% and 10% respectively in accordance with the Pension Reform Act (PRA 2014) as amended.

2.10.3 Incentive and bonus scheme

The group recognises a liability and expense for incentive and bonus scheme based on the formula that takes into consideration the group's objectives (net sales, operating contribution and net working capital).

The group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

2.10.4 Termination Benefit

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. Benefits are expected to be settled wholly within 12 months of the reporting date.

2.11 Current and Deferred tax

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Notes to the consolidated and separate financial statements

2.11 Current and Deferred tax (cont'd)

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax liabilities on a net basis.

Current tax and deferred tax for the year

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

Notes to the consolidated and separate financial statements

2.12 Property, plant and equipment

All property, plant and equipment are initially recognised at cost and subsequently stated at historical cost less accumulated depreciation and impairment losses.

Land and buildings comprise mainly of buildings for factories and offices

Historical cost includes purchase costs, expenditure that is directly attributable to the acquisition of the items and the estimate of the cost of decommissioning (dismantling, removing the asset and restoring the site).

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

"Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value and it is charged when such asset is available for use. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:"

Leasehold land and buildings	-Over 50 years	2%
	- Under 50 years	Over the lease period
Plant and Machinery		4% - 33.3%
Motor Vehicles - 4 years		25%
Furniture, fittings and IT equipment		20% -33.3%
Capital work in progress		Nil

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at the end of each reporting date.

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

Capital work in progress represents assets under construction. Accordingly, they are not depreciated until they are completed and available for use.

The annual rates of depreciation are consistent with those of prior year.

Property, plant and equipment that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Property, plant and equipment that suffer impairment are reviewed for possible reversal of the impairment at each balance sheet date.

Notes to the consolidated and separate financial statements

2.13 Warranty

Provision for products warranty is made at the time of revenue recognition and reflects the estimated costs of replacement and free-of-charge services that will be incurred by the group with respect to the products. Initial recognition is based on historical experience. Adequacy of provision is assessed on a monthly basis; and any resultant adjustment is reflected in the income statement of the period.

2.14 Non-financial assets

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

2.15 Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

2.15.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

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

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Notes to the consolidated and separate financial statements

2.15.1 Financial assets (cont'd)

Classification of financial assets (cont'd)

Despite the foregoing, the Group may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below:

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the Group recognises interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

Notes to the consolidated and separate financial statements

2.15.1 Financial assets (cont'd)

Classification of financial assets (cont'd)

(ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. Fair value is determined in the manner described in Note 2.1. The corporate bonds are initially measured at fair value plus transaction costs.

Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item (Note 35) in profit or loss.

The Group does not have and neither have they designated any investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

Notes to the consolidated and separate financial statements

2.15.1 Financial assets (cont'd)

Classification of financial assets (cont'd)

iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in Group accounting policies (Note 2.1).

Cash and cash equivalents

The Group considers all highly liquid unrestricted investments with less than three months maturity from the date of acquisition to be cash equivalents. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically;

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Notes to the consolidated and separate financial statements

2.15.1 Financial assets (cont'd)

Classification of financial assets (cont'd)

iv) Financial assets at FVTPL (cont'd)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Notes to the consolidated and separate financial statements

2.15.1 Financial assets (cont'd)

iv) Financial assets at FVTPL (cont'd)

Write-off policy

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

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Derecognition of financial assets

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

2.15.2 Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

Other financial liabilities

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Trade payables

Trade payables are not interest bearing and are stated at fair value and subsequently measured at amortised cost.

Notes to the consolidated and separate financial statements

2.15.2 Financial liabilities (cont'd)

Loans and borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis through the Income Statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss as the modification gain or loss within other gains and losses.

2.15.3 Offsetting Financial instrument

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

2.16 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bring them to their existing location and condition. The basis for valuation is as follows:

Raw materials, non-returnable packaging materials and consumable spare parts	-	purpose cost on a weighted average basis including transportation and applicable clearing charges
Finished products and products-in-process	-	weighted average cost of direct materials, labour costs and a proportion of production overheads based on normal operating Capacity
Inventory-in-transit	-	Purchase cost incurred to date

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs to completion and selling expenses. Inventory values are adjusted for obsolete, slow-moving or defective items.

Notes to the consolidated and separate financial statements

2.17 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, and it is probable that the group will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when the Group has a detailed formal plan for the restructuring that has been communicated to affected parties. Provisions are not recognised for future operating losses.

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

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

2.18 Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the group's financial statements in the period in which the dividends are approved by the Group's shareholders. In respect of interim dividends these are recognised once paid. Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with Section 385 of Companies and Allied Matters Act of Nigeria are written back to retained earnings.

2.19 Recognition and measurement of investments in subsidiary in separate financial statements of company

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Group's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.20 Deposit for letters of credit

Deposits for letters of credit represent naira deposits for foreign currencies purchased for funding of letters of credit and forwards as well as futures, all related to imported raw materials, spare parts and machinery

Deposit for letters of credit is recognised at fair value less impairment losses.

2.21 Intangible asset

Software acquired is recognized at acquisition cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditures are capitalised only when it increases the future economic benefits of the related software. Software maintenance costs are recognized as expenses in the income statement as they are incurred. Amortisation is recognized in income statement on a straight-line basis over the estimated useful life of the software, from the first day of the first full financial year the software is put into use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Software are amortised over a period of 10 years in line with the estimated live of the intangible asset.

Notes to the consolidated and separate financial statements

2.21 Intangible asset (cont'd)

2.21.1 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.21.2 Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.22 Earnings per share (EPS)

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

2.23 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

These are initially recognised when the Group has received the ECC certificates from the government. The Group recognises EEG as contingent assets when the criteria for submission of the claim is met and necessary application filed. Information on Export Expansion grants estimated to be receivable from the government is disclosed in Note 32.

Notes to the consolidated and separate financial statements**2.23 Government grants (cont'd)**

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which the certificates are received.

Export Expansion Grant ("the grant") from the government is recognised as contingent assets when there is a reasonable assurance that the grant will be received and the group has complied with all attached conditions. The following are the conditions precedent:

- The Company must be registered at Corporate Affairs Commission (CAC) and Nigerian Export Promotion Council (NEPC).
- The Company must have a minimum annual export turnover of N5 million and evidence of repatriation of proceeds of exports.
- Company shall submit its baseline data which includes audited Financial Statement and information on operational capacity to NEPC.
- The Company shall be a manufacturer, producer or merchant of products of Nigerian origin for the export market (i.e. the products must be made in Nigeria).
- Qualifying export transaction must have the proceeds fully repatriated within 300 days, calculated from the date of export and as approved by the EEG Implementation Committee.

2.24 Related parties

Related parties include the holding company and other group entities. Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Group are also considered to be related parties. Key management personnel are also regarded as 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.

2.25 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

Notes to the consolidated and separate financial statements

2.25.2 Useful lives of Property, Plant and Equipment (PPE)

Property, Plant and Equipment are depreciated over their useful lives. The group estimates the useful lives of PPE based on the period over which the assets are expected to be available for use. The estimation of the useful lives of PPE are based on technical evaluations carried out by those staff with knowledge of the machines and experience with similar assets. Estimates could change if expectations differ due to physical wear and tear and technical or commercial obsolescence. It is possible, however, that future results of operations could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the plant and machinery would increase expenses and decrease the value of non-current assets.

2.25.3 Taxation provisions

The Group's current tax provision relates to management's assessment of the amount of tax payable on open tax positions where the liabilities remain to be agreed with the tax authorities. Uncertain tax items for which a provision is made, relate principally to the interpretation of tax legislation regarding arrangements entered into by the Group. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly. Whilst a range of outcomes is reasonably possible, the extent of the reasonably possible range have been recognized in the financial statement.

2.25.4 Fair value measurements of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

2.25.5 Warranty provisions

Provision for products warranty is made at the time of revenue recognition and they are reviewed and adjusted periodically to reflect actual and anticipated experience. The estimation of provision at each period end requires involvement of staff with product knowledge and the estimate could change if there are changes in factors considered during the formulation of the required provision. The replacement cost of items and historical defects, are used to determine a rate which is applied against quantity sold during the year.

2.25.6 Provision for expected credit losses (ECL) of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

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

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

Notes to the consolidated and separate financial statements

2.26 Contingencies

A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is disclosed in the notes to the financial statements where an inflow of economic benefits is probable. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits will arise, the asset and the related income are recognized in the financial statements of the period in which the change occurs.

Contingent asset are not recognized in the financial statements since this may result in the recognition of income that may never be realized. However, when the realization of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate. The contingent assets of the Group is disclosed in Note 32 of the financial statements

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote.

2.27 Investment Property

On acquisition, investment property is initially recognised at cost, or deemed cost where no monetary consideration is exchanged. Investment property is subsequently recognised in the accounts at cost and recorded as a separate line item within property plant and equipment. Gains or losses on disposal are recognised within profit and loss. No depreciation is charged on the basis that it is not considered to be material in any year or cumulatively.

Depreciation on investment property is calculated at a rate of 2% using the straight line method to allocate their cost to their residual values over their estimated useful lives.

2.28 Assets held for sale

Non-current assets and groups of assets and liabilities which comprise disposal groups are classified as 'held for sale' when their carrying amount will be recoverable principally through a sale transaction rather than through continuing use. In order to be classified as a 'held for sale' asset or disposal group, the sale must be highly probable and the assets must be available for sale immediately in their present condition. In addition all of the following criteria must also be met: management is committed to the plan to sell; the assets are being actively marketed; actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn; and a sale has been agreed or is expected to be concluded within 12 months of the balance sheet date.

Immediately prior to classification as held for sale, the value of the assets or groups of assets is re-measured in accordance with the requirements of IFRS 5. Subsequently, assets and disposal groups classified as held for sale are measured at the lower of book value or fair value less disposal costs. Assets held for sale are neither depreciated nor amortised

3 Financial risk management

The Group and company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, credit risk, liquidity risk and interest rates.

The Group's treasury function reports to the Board at least annually with reference to the application of the Group Treasury Policy. The policy addresses issues of liquidity, funding and investment as well as interest rate, currency and commodity risks.

Notes to the consolidated and separate financial statements

3 Financial risk management (cont'd)

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and limits continually by means of reliable and up-to-date systems. The Group modifies and enhances its risk management policies and systems to reflect changes in markets and products. The Audit & Risk Committee, under authority delegated by the Board, formulates the high-level Group risk management policy, monitors risk and receives reports that allow it to review the effectiveness of the Group's risk management policies.

The Company Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to both Senior Management and the Audit Committee.

3.1 Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. It arises principally from trading activities with customers. The group has dedicated standards, policies and procedures to control and monitor all such risks. Although the group is potentially exposed to credit loss in the event of non-performance by counterparties holding the group's cash and cash equivalents, such credit risk is controlled through credit rating and equity price reviews of the counterparties and by limiting the total amount of exposure to any one party. Equity price reviews of counterparties is done through the monitoring of the share price of the counterparties on the floor of the stock exchange.

The credit risk of customers is assessed at subsidiary and group level, taking into account their financial positions, past experiences and other factors. Individual customer credit limits are imposed based on these factors. Customers are initially brought on board on a cash basis for a period of six months. At the expiration of the six months cash trading period, customers are free to apply for credit.

The group does not believe it is exposed to any material concentrations of credit risk.

All of the group's financial assets are carried at amortised cost. The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets in the statement of financial position.

The table below analyses the company's and group's financial assets into relevant maturity groupings as at the reporting date.

Notes to the consolidated and separate financial statements

3.1 Credit risk (cont'd)

Company

31 May 2022

	Neither past due nor impaired	Up to 90 days	91 - 180 days	Over 180 days	Total
Financial assets:					
<i>In thousands of naira</i>					
Cash and bank (Note 16)	35,830,975	-	-	-	35,830,975
Trade receivables (Note 12)	1,550,405	488,695	35,321	-	2,074,421
Due from related party companies (Note 34)	1,290,630	-	-	-	1,290,630
Other receivables (Note 12)	892,652	-	-	-	892,652
Advance to suppliers (Note 14)	961,189	-	-	-	961,189
Derivatives (Note 25)	324,820	-	-	-	324,820
Total	40,850,671	488,695	35,321	-	41,374,687

31 May 2021

	Neither past due nor impaired	Up to 90 days	91 - 180 days	Over 180 days	Total
Financial assets:					
<i>In thousands of naira</i>					
Cash and bank (Note 16)	12,812,282	-	-	-	12,812,282
Trade receivables (Note 12)	1,975,527	273,692	214	112,244	2,361,677
Due from related party companies (Note 34)	1,304,553	-	-	-	1,304,553
Loan receivables (Note 13)	10,368,797	-	-	-	10,368,797
Other receivables (Note 12)	740,818	-	-	-	740,818
Advance to suppliers (Note 14)	-	281,465	723,440	-	1,004,905
Derivatives (Note 25)	95,293	-	-	-	95,293
Total	27,297,270	555,157	723,654	112,244	28,688,325

Group

31 May 2022

	Neither past due nor impaired	Up to 90 days	91 - 180 days	Over 180 days	Total
Financial assets:					
<i>In thousands of naira</i>					
Cash and bank (Note 16)	52,845,333	-	-	-	52,845,333
Trade receivables (Note 12)	4,193,465	1,016,739	79,618	-	5,289,822
Due from related party companies (Note 34)	1,290,630	-	-	-	1,290,630
Other receivables (Note 12)	1,003,449	-	-	-	1,003,449
Advance to suppliers (Note 14)	961,189	-	-	-	961,189
Derivatives (Note 25)	431,803	-	-	-	431,803
Total	60,725,869	1,016,739	79,618	-	61,822,226

31 May 2021

	Neither past due nor impaired	Up to 90 days	91 - 180 days	Over 180 days	Total
Financial assets:					
<i>In thousands of naira</i>					
Cash and bank (Note 16)	20,584,428	-	-	-	20,584,428
Trade receivables (Note 12)	5,015,178	943,300	2,082	231,722	6,192,282
Due from related party companies (Note 34)	1,941,692	-	-	-	1,941,692
Loan receivables (Note 13)	5,000,000	-	-	-	5,000,000
Other receivables (Note 12)	1,004,650	-	-	-	1,004,650
Advance to suppliers (Note 14)	-	380,324	723,440	-	1,103,764
Derivatives (Note 25)	582,967	-	-	-	582,967
Total	34,128,915	1,323,624	725,522	231,722	36,409,783

For details related to the allowance for impairment refer to note 12.

Notes to the consolidated and separate financial statements

3.1 Credit risk (cont'd)

An analysis of the international long term credit ratings by Standard & Poor's of counterparties where cash and cash equivalents are held is as follows:

<i>In thousands of naira</i>	Company	
Credit rating	2022	2021
B	35,830,975	12,812,282
<i>In thousands of naira</i>	Group	
Credit rating	2022	2021
B	52,845,333	20,584,428

B: The obligor currently has the capacity to meet its financial commitments on the obligation. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments on the obligation.

3.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced and all funding obligations are met when due.

There is a central treasury that coordinates cash flows management and funding activities. Cash surplus to immediate requirements is placed in interest yielding short term deposit accounts in banks with good credit rating.

The group enjoys favorable 90 days of credit from its suppliers as against 30 days of credit it gives to its customers. Thus, the group is always at an advantage position to meet its obligations because funding is quickly available from credits extended to its customers than the timing it requires to settle its obligations.

Included in the group's trade and other payables as at the 31 May 2022 and 31 May 2021 are balances due to related parties of N58.4 billion and N41.9 billion respectively while that of the company is N46.8 billion and N36.9 billion respectively.

The table below analyses the group's financial liabilities into relevant maturity groupings as at the reporting date

Company

31 May 2022

In thousands of naira

Financial liabilities:	Up to 365 days	Above 365 days	Total
Trade and other payables - excluding sundry creditors (Note 23)	39,808,897	6,954,628	46,763,525
Lease liability (Note 7b)	41,944	22,668	64,612
	39,850,841	6,977,296	46,828,137

31 May 2021

Financial liabilities:	Up to 365 days	Above 365 days	Total
Trade and other payables - excluding sundry creditors (Note 23)	30,577,836	6,343,348	36,921,184
Lease liability (Note 7b)	27,646	144,073	171,719
	30,605,482	6,487,421	37,092,903

Notes to the consolidated and separate financial statements

3.1 Credit risk (cont'd)

Group

31 May 2022

In thousands of naira

	Up to 365 days	Above 365 days	Total
Financial liabilities:			
Trade and other payables - excluding sundry creditors (Note 23)	51,331,950	6,978,418	58,310,368
Lease liability (Note 7b)	56,746	36,133	92,879
	51,388,696	7,014,551	58,403,247

31 May 2021

	Up to 365 days	Above 365 days	Total
Financial liabilities:			
Trade and other payables - excluding sundry creditors (Note 23)	34,480,618	7,377,135	41,857,753
Lease liability (Note 7b)	32,927	168,285	201,212
	34,513,545	7,545,420	42,058,965

3.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risks as it holds variable interest-bearing financial liabilities as at year end.

The following table details the sensitivity to a 1 - 2% (2021: 1 - 2%) increase or decrease in interest rates.

In thousands of naira

	Group		Company	
	2022	2021	2022	2021
Interest earned from related parties (Note 35)	239,910	171,513	407,229	351,795
Interest earned from banks (Note 35)	596,234	67,051	525,813	56,245
Interest paid to related parties (Note 35)	-	(62,817)	-	(6,422)
Interest paid to banks (Note 35)	(8,939)	(8,663)	(1,959)	(5,907)
Net Interest earned from/(paid to) related parties	827,205	167,084	931,083	395,711
Average interest rate for the year(%)	6	11.25	6	11.25

	Group		Company	
	2022	2021	2022	2021
Impact of 1% increase in average interest rate	24,372	(87)	15,550	(59)
Impact of 1% decrease in average interest rate	(24,372)	87	(15,550)	59
Impact of 2% increase in average interest rate	48,745	(173)	31,100	(118)
Impact of 2% decrease in average interest rate	(48,745)	173	(31,100)	118

3.4 Market risk

Market risk is the risk that movements in market rates, including foreign exchange rates, interest rates, equity and commodity prices will affect the fair value or future cash flows of a financial instrument. The management of market risk is undertaken using risk limits approved by the operating unit finance directors under delegated authority.

Notes to the consolidated and separate financial statements

3.5 Foreign exchange risk

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. Subsidiary undertakings must ensure that all transactional exposures arising from commitments in a currency other than their functional currency are identified and monitored. The group manages foreign exchange risk through foreign exchange forward contracts. The group is primarily exposed to the US dollar. A 15% increase/decrease in foreign exchange rate at the reporting dates would have increased/decreased profit or loss and total equity by the following amounts. This analysis is based on foreign currency exchange rate variances that the group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remains constant.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Group Liabilities		Company Liabilities	
	2022	2021	2022	2021
Foreign Currency (\$'000)	(83,363)	(38,727)	(49,536)	(26,967)
	Assets		Assets	
	2022	2021	2022	2021
Foreign Currency (\$'000)	4,995	15,462	4,969	6,390
Closing foreign exchange rates (Naira/Dollar)	419.40	412.00	419	412.00
Average foreign exchange rates (Naira/Dollar)	414.73	395.94	415	395.94

Sensitivity analysis is due to possible changes in foreign currency balances on intercompany payables, cash and bank and trade receivables.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

	Group		Company	
	2022	2021	2022	2021
<i>In thousands of naira</i>				
US dollar - 15% increase	(4,930,167)	(1,437,764)	(2,803,721)	(1,271,657)
US dollar - 15% decrease	4,930,167	1,437,764	2,803,721	1,271,657
US dollar - 30% increase	(9,860,335)	(2,875,527)	(5,607,442)	(2,543,313)
US dollar - 30% decrease	9,860,335	2,875,527	5,607,442	2,543,313

The foreign exchange risk is mainly from related parties payable and receivable balances with foreign related parties.

3.6 Fair value of financial assets and liabilities

All the group's financial assets and liabilities are measured at amortised cost and due to the short term nature of these financial instruments, the fair value reasonably approximates the carrying value in the statement of financial position.

3.7 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2021.

The capital structure of the Group consists of Net debt (bank overdrafts, intercompany loans, less cash and bank balances) and the equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests).

Notes to the consolidated and separate financial statements

3.7 Capital risk management (cont'd)

The Group's risk management committee reviews the capital structure on a semi-annual basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the year-end is as follows:

	Group		Company	
	2022	2021	2022	2021
<i>In thousands of naira</i>				
Debt	-	-	-	-
Cash and bank (see Note 16)	(52,845,333)	(20,584,428)	(35,830,975)	(12,812,282)
Net debt	(52,845,333)	(20,584,428)	(35,830,975)	(12,812,282)
Equity	34,025,510	28,783,870	23,872,147	20,816,970
Net debt to equity ratio	-155%	-72%	-150%	-62%

Based on the above analysis, it can be ascertained that the company is lowly geared as it has no debt liability.

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

Capital requirements are generally imposed by the majority shareholder, PZ Cussons (Holdings) Limited, U.K.

3.8 Commodity price risk

The Group is exposed to commodity price risk, the risk arises from specific needs to buy quantity and quality to meet its manufacturing requirements. These raw materials includes: crude palm oil, talo, sodium silicate and linear alkyl benzene. The risk is mitigated by purchasing this raw materials in advance and this is based on managements past experience with price movement.

Notes to the consolidated and separate financial statements

4a Property, plant and equipment

Group – 2022

<i>In thousands of naira</i>	Leasehold Land and Buildings	Plant and Machinery	Furniture, Fittings and IT equipment	Motor Vehicles	Capital Work in Progress (WIP)	Total
Cost						
At 1 June, 2021	19,670,926	27,074,291	3,644,926	564,560	1,248,459	52,203,162
Additions	-	-	-	-	725,262	725,262
Reclassification	400,686	641,519	102,569	-	(1,144,774)	-
Reclassified as held for sale (Note 5)	(894,279)	-	-	-	-	(894,279)
Reclassified as investment properties (Note 6)	(2,470,870)	-	-	-	-	(2,470,870)
Disposal	(1,364,672)	(27,468)	(151,250)	(523,020)	-	(2,066,410)
At 31 May, 2022	15,341,791	27,688,342	3,596,245	41,540	828,947	47,496,865
Depreciation						
At 1 June, 2021	4,552,848	19,133,129	3,282,528	564,560	-	27,533,065
Depreciation for the year	370,949	1,737,951	220,968	-	-	2,329,868
Reclassified as held for sale (Note 5)	(303,289)	-	-	-	-	(303,289)
Reclassified as investment properties (Note 6)	(824,131)	-	-	-	-	(824,131)
Impairment (Note 4b)	2,127,768	1,221,494	12,610	-	-	3,361,872
Disposals	(398,974)	(23,067)	(145,546)	(523,020)	-	(1,090,607)
At 31 May, 2022	5,525,171	22,069,507	3,370,560	41,540	-	31,006,778
Cost						
At 1 June, 2020	19,694,904	25,281,119	3,560,997	564,560	2,051,988	51,153,568
Additions	-	-	-	-	1,126,955	1,126,955
Reclassification	52,437	1,793,172	84,875	-	(1,930,484)	-
Write off	-	-	(473)	-	-	(473)
Disposal	(76,415)	-	(473)	-	-	(76,888)
At 31 May, 2021	19,670,926	27,074,291	3,644,926	564,560	1,248,459	52,203,162
Depreciation						
At 1 June, 2020	4,201,472	17,261,710	2,935,584	564,560	-	24,963,326
Depreciation for the year	377,148	1,871,419	347,050	-	-	2,595,617
Write off	-	-	(53)	-	-	(53)
Disposals	(25,772)	-	(53)	-	-	(25,825)
At 31 May, 2021	4,552,848	19,133,129	3,282,528	564,560	-	27,533,065
Carrying amounts						
At 31 May 2022	9,816,620	5,618,835	225,685	-	828,947	16,490,087
At 31 May 2021	15,118,078	7,941,162	362,398	-	1,248,459	24,670,097
At 1 June 2020	15,493,432	8,019,409	625,413	-	2,051,988	26,190,242

Depreciation expense of N1.99 billion (2021: N1.87billion) has been charged in 'cost of sales', N0.27 billion (2021: N0.36billion) in selling and distribution expenses' and N0.07 billion (2021: NGN0.37 billion) in administrative expenses.

Construction work in progress as at 31 May 2022 mainly comprise of new factory lines and plant enhancements.

There was no capitalised borrowing cost during the years ended 31 May 2022 and 31 May 2021.

There were no assets pledged as security for borrowing during the year (2021: nil).

Capital commitments

Below represents capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

<i>In thousands of naira</i>	Group	
	2022	2021
Authorised and contracted	650,551	150,202
Authorised but not contracted	280,313	1,398,467
	930,864	1,548,669

Notes to the consolidated and separate financial statements

4a Property, plant and equipment

Company - 2022

(a) The movement on these accounts was as follows:

<i>In thousands of naira</i>	Leasehold Land and Buildings	Plant and Machinery	Furniture, Fittings and IT equipment	Motor vehicles	Capital Work in Progress (WIP)	Total
Cost						
At 1 June, 2021	19,001,362	25,325,123	3,364,631	481,111	970,300	49,142,527
Additions	-	-	-	-	718,792	718,792
Reclassification	121,459	641,466	97,221	-	(860,146)	-
Reclassified as held for sale (Note 5)	(894,279)	-	-	-	-	(894,279)
Reclassified as investment properties (Note 6)	(2,470,870)	-	-	-	-	(2,470,870)
Disposal	(1,364,673)	(27,468)	(150,777)	(471,345)	-	(2,014,263)
At 31 May, 2022	14,392,999	25,939,121	3,311,075	9,766	828,946	44,481,907
Depreciation						
At 1 June, 2021	4,480,623	18,015,436	3,038,873	481,111	-	26,016,043
Depreciation for the year	350,619	1,576,973	205,171	-	-	2,132,763
Reclassified as held for sale (Note 5)	(303,289)	-	-	-	-	(303,289)
Reclassified as investment properties (Note 6)	(824,131)	-	-	-	-	(824,131)
Impairment (Note 4b)	2,127,768	1,221,494	12,610	-	-	3,361,872
Disposals	(398,974)	(23,067)	(145,393)	(471,345)	-	(1,038,779)
At 31 May, 2022	5,432,616	20,790,836	3,111,261	9,766	-	29,344,479
Cost						
At 1 June, 2020	19,025,340	23,629,427	3,294,321	481,111	1,831,091	48,261,290
Additions	-	-	-	-	958,598	958,598
Reclassification	52,437	1,695,696	71,256	-	(1,819,389)	-
Write off	-	-	(473)	-	-	(473)
Disposal	(76,415)	-	(473)	-	-	(76,888)
At 31 May, 2021	19,001,362	25,325,123	3,364,631	481,111	970,300	49,142,527
Depreciation						
At 1 June, 2020	4,147,177	16,302,519	2,701,620	481,111	-	23,632,427
Depreciation for the year	359,218	1,712,917	337,359	-	-	2,409,494
Write off	-	-	(53)	-	-	(53)
Disposals	(25,772)	-	(53)	-	-	(25,825)
At 31 May, 2021	4,480,623	18,015,436	3,038,873	481,111	-	26,016,043
Carrying amounts						
At 31 May 2022	8,960,383	5,148,285	199,814	-	828,946	15,137,428
At 31 May 2021	14,520,739	7,309,687	325,758	-	970,300	23,126,484
At 1 June 2020	14,878,163	7,326,908	592,701	-	1,831,091	24,628,863

Depreciation expense of N1.94 billion (2021: N1.70 billion) has been charged in 'cost of sales', N0.3 billion (2021: N0.35 billion) in 'selling and distribution expenses' and N0.09 billion (2021: N0.36 billion) in 'administrative expenses'.

Construction work in progress as at 31 May 2022 mainly comprise of new factory lines and plant enhancements.

There was no capitalised borrowing cost during the years ended 31 May 2022 and 31 May 2021.

There were no assets pledged as security for borrowing during the period (2021: nil).

Capital commitments

Below represents capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

<i>In thousands of naira</i>	Company	
	2022	2021
Authorised and contracted	639,125	1,271,077
Authorised but not contracted	280,313	122,449
	919,438	1,393,526

Notes to the consolidated and separate financial statements

4b Impairment losses recognised during the year

During the year, as a result of the Group's strategic alignment and simplification of its business, the management decided to focus on profitable brands and reduce excess capacity related to such aspect of the business. Thus, a significant part of the manufacturing plant and equipment in the personal and homecare segment have been written down to zero net book value.

Following business decision, a review was carried out which led to the identification of specific assets which were written down to zero net book value amounting to N3.36 billion recognised in profit and loss during the year.

5 Asset held for sale

	2022	
	Group	Company
Cost		
At 1 June, 2021	-	-
Transfer from Property, plant and equipment	894,279	894,279
At 31 May, 2022	894,279	894,279
Depreciation		
At 1 June, 2021	-	-
Transfer from Property, plant and equipment	303,289	303,289
At 31 May, 2022	303,289	303,289
Carrying amounts		
At 31 May, 2022	590,990	590,990

The group, in its attempts to simplify its business through property optimization and rationalization has committed to sell its home and personal care non strategic assets within the next 12 months to maintain sustainable competitive advantage over the next years. The held for sale assets during the year includes residential properties owned by the group with a book value of N0.6 billion as disclosed above.

6 Investment properties

	2022	
	Group	Company
Cost		
At 1 June, 2021	-	-
Transfer from Property, plant and equipment	2,470,870	2,470,870
At 31 May, 2022	2,470,870	2,470,870
Depreciation		
At 1 June, 2021	-	-
Transfer from Property, plant and equipment	824,131	824,131
At 31 May, 2022	824,131	824,131
Carrying amounts		
At 31 May, 2022	1,646,739	1,646,739

Further to the group's intention to simplify its business, the group has reclassified certain assets which it believes falls within the category of an investment property, to align with the requirement of IAS 40 on assets that qualifies as investment property. These properties are not currently used by the business, and some of them have been leased in the short term. However, there is potential for utilisation in the future for business growth such as provision of additional support for export and enhancement of direct customer coverage and market penetration. The fair value of these properties is estimated at N13.05 billion.

Notes to the consolidated and separate financial statements

Leases - Motor Vehicle

7	Right-of-use assets:	<u>Group</u>	<u>Company</u>
	<i>In thousands of naira</i>		
	Cost		
	At 1 June 2021	556,522	448,698
	Additions*	32,325	4,600
	At 31 May 2022	<u>588,847</u>	<u>453,298</u>
	Accumulated Depreciation		
	At 1 June 2021	355,310	276,979
	Charge for the year	140,658	111,707
	At 31 May 2022	<u>495,968</u>	<u>388,686</u>
	Cost		
	At 1 June 2020	465,404	357,580
	Additions	91,118	91,118
	At 31 May 2021	<u>556,522</u>	<u>448,698</u>
	Accumulated Depreciation		
	At 1 June 2020	190,362	147,856
	Charge for the year	164,948	129,123
	At 31 May 2021	<u>355,310</u>	<u>276,979</u>
	Carrying Amount		
	At 31 May 2022	<u><u>92,879</u></u>	<u><u>64,612</u></u>
	At 31 May 2021	<u><u>201,212</u></u>	<u><u>171,719</u></u>

* This represents additions to right of use assets recognized following the reconciliation with the lease agent

8	Lease Liability	<u>Group</u>	<u>Company</u>
	<i>In thousands of naira</i>		
	At 1 June 2021	201,212	171,719
	Additions*	32,325	4,600
	Lease Payment	(140,658)	(111,707)
	At 31 May 2022	<u>92,879</u>	<u>64,612</u>
	At 1 June 2020	275,042	209,724
	Additions	91,118	91,118
	Lease Payment	(164,948)	(129,123)
	At 31 May 2021	<u><u>201,212</u></u>	<u><u>171,719</u></u>

The Group leases motor vehicles. The leases of motor vehicle is mainly for 3 years with an option to renew. The interest amount in the lease arrangement was not disclosed as it is immaterial and not considered to have a significant impact on the financial statements.

Notes to the consolidated and separate financial statements

8 Lease Liability (cont'd)

* This represent additions to right of use assets recognized following the reconciliation with the lease agent

	Group		Company	
	2022	2021	2022	2021
Non Current	36,133	69,506	22,668	61,134
Current	56,746	131,706	41,944	110,585
	92,879	201,212	64,612	171,719

Maturity analysis of Lease Liability

	Group		Company	
	2022	2021	2022	2021
Year 1	56,746	131,706	41,944	110,585
Year 2	36,133	69,506	22,668	61,134
	92,879	201,212	64,612	171,719

9 Intangible Assets - Software

	Group		Company	
	2022	2021	2022	2021
<i>In thousands of naira</i>				
Cost				
At 1 June 2021	1,059,618	1,059,618	1,059,618	1,059,618
Additions	-	-	-	-
At 31 May 2022	1,059,618	1,059,618	1,059,618	1,059,618
Accumulated amortisation				
At 1 June 2021	(423,848)	(317,886)	(423,848)	(317,886)
Charge for the year	(105,962)	(105,962)	(105,962)	(105,962)
At 31 May 2022	(529,810)	(423,848)	(529,810)	(423,848)
Carrying amount				
At 31 May 2022	529,808	635,770	529,808	635,770

All intangible assets are non-current. All intangible assets of the Group have finite useful life and are amortised over 10 years in line with its accounting policy. The intangible assets represent cost of Enterprise Resource programme package (SAP) deployed.

Notes to the consolidated and separate financial statements

				Company	
<i>In thousands of naira</i>				2022	2021
10	Investment in Subsidiary				
	<i>At 31 May</i>			504,406	504,406
	Investment amount	Country of incorporation and place of business	Nature of business	Proportion of shares held by Parent & NCI in 2022 & 2021	
				Parent (%)	NCI (%)
			Household electrical appliances Nigeria manufacturer		
	HPZ Limited 504,406	Nigeria		74.99	25.01
				2022	2021
	HPZ Limited				
	<i>In thousands of naira</i>				
				28,438,895	15,916,061
				1,662,660	2,564,508
				(15,467,184)	(6,733,963)
				(262,281)	(290,189)
				(10,657,769)	(8,471,306)
				(3,714,321)	(2,985,111)
				41,238,661	34,744,981
				(38,322,988)	(33,866,850)
				2,915,673	878,131
				2,186,463	658,284
				729,210	219,847
				2,915,673	878,131
				-	-
				-	-
				-	-
				2,186,463	658,284
				729,210	219,847
				2,915,673	878,131
				14,749,857	109,044
				(5,471,835)	5,030,964
				(35,931)	(94,976)
				9,242,091	5,045,032

The amounts disclosed above do not reflect the elimination of intragroup transactions.

Notes to the consolidated and separate financial statements

11 Inventories

<i>In thousands of naira</i>	Group		Company	
	2022	2021	2022	2021
Raw materials and consumables	8,251,342	9,577,187	8,148,863	7,251,136
Finished goods and goods for resale	12,103,916	5,669,792	6,345,204	4,393,861
Engineering spares and other stocks	2,602,489	2,458,961	2,188,156	2,267,893
Goods in transit	3,934,032	5,522,024	2,581,060	1,369,806
Total	26,891,779	23,227,964	19,263,283	15,282,696

During the year ended 31 May 2022, N2.20b (2021: N116.4m) was charged to income statement for obsolete and damaged inventories identified. Also recognised as expense in the financial statements are engineering spares used for production of N437 m (2021: N456.7m).

The following table provides a reconciliation of items reflected as cash and non cash in the Statements of Cash flows

	Group		Company	
	2022	2021 Restated	2022	2021 Restated
Changes in inventory	(3,663,815)	3,030,735	(3,980,587)	372,051
Adjusted for non-cash items				
Obsolescence/ damaged inventory (Note 25a)	(2,200,000)	(116,400)	(2,200,000)	-
Changes in inventory as shown in the Statements of Cash flow	(5,863,815)	2,914,335	(6,180,587)	372,051

12 Trade and other receivables

Receivables due within one year:

<i>In thousands of Naira</i>	Group		Company	
	2022	2021	2022	2021
Trade receivables	5,882,011	6,635,416	2,522,733	2,723,451
Allowance for impairment of trade receivables (Note 12.1)	(592,188)	(443,134)	(448,312)	(361,774)
Net trade receivables	5,289,823	6,192,282	2,074,421	2,361,677
Due from related party companies (Note 34)	1,290,630	1,941,692	1,290,630	1,304,553
WHT credit note receivable	662,885	761,259	490,300	547,022
Other receivables*	1,003,450	1,004,650	892,652	740,818
Total	8,246,788	9,899,883	4,748,003	4,954,070

* Other receivables include amounts receivable for utility services provided to third parties N492m (2021: N162m)

Trade receivables

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Notes to the consolidated and separate financial statements

12 Trade and other receivables (cont'd)

Trade receivables (cont'd)

The Group has recognised a loss allowance of 100% against all receivables over 180 days past due, because historical experience has indicated that these receivables are generally not recoverable. There has been no change in the estimation techniques or significant assumptions made during the current reporting year. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities. Trade receivables are considered to be past due when they exceed the credit period granted.

There are no other customers which represent more than 10% of the total balance of trade receivables of the Group after impairment. The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

The Group did not recognise impairment on amount due from related party, because there are no conditions existing that reflects a future default in recovering amount due.

Group	Trade receivables - days past due						Specific Provision	Total
	Not Due	1-30	31-60	61-90	91-180	> 180		
31 May 2022								
<i>In thousands of Naira</i>								
Expected credit loss rate	0%	0%	3%	6%	15%	0%		
Estimated total gross carrying amount at default	4,197,719	762,013	183,997	82,825	93,765	-	561,692	5,882,011
Lifetime ECL	(4,254)	(758)	(6,132)	(5,205)	(14,147)	-	(561,692)	(592,188)
	4,193,465	761,255	177,865	77,620	79,618	-	-	5,289,823

Group	Trade receivables - days past due						Specific Provision	Total
	Not Due	1-30	31-60	61-90	91-180	> 180		
31 May 2021								
Expected credit loss rate	0%	0%	5%	20%	39%	29%		
Estimated total gross carrying amount at default	5,032,654	781,526	134,076	46,254	3,415	10,076	627,415	6,635,416
Lifetime ECL	(17,476)	(2,448)	(7,064)	(9,044)	(1,333)	(2,891)	(402,878)	(443,134)
	5,015,178	779,078	127,012	37,210	2,082	7,185	224,537	6,192,282

Company	Trade receivables - days past due						Specific Provision	Total
	Not Due	1-30	31-60	61-90	91-180	> 180		
31 May 2022								
Expected credit loss rate	0%	0%	4%	12%	22%	0%	100%	
Estimated total gross carrying amount at default	1,553,038	364,304	113,599	18,658	45,027	-	428,107	2,522,733
Lifetime ECL	(2,633)	(543)	(5,007)	(2,316)	(9,706)	-	(428,107)	(448,312)
	1,550,405	363,761	108,592	16,342	35,321	-	-	2,074,421

Company	Trade receivables - days past due						Specific Provision	Total
	Not Due	1-30	31-60	61-90	91-180	> 180		
31 May 2021								
Expected credit loss rate	1%	0%	15%	35%	60%	100%		
Estimated total gross carrying amount at default	1,986,197	245,008	13,633	28,080	535	-	449,998	2,723,451
Lifetime ECL	(10,670)	(1,187)	(2,045)	(9,797)	(321)	-	(337,754)	(361,774)
	1,975,527	243,821	11,588	18,283	214	-	112,244	2,361,677

The Company's exposure to credit and market risks related to trade and other receivables are disclosed in Note 3.1.

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	Group	Company
<i>In thousands of Naira</i>		
Balance as at 1 June 2021	(443,134)	(361,774)
Changes in credit risk parameters	(149,054)	(86,538)
Balance at 31 May 2022	(592,188)	(448,312)

Notes to the consolidated and separate financial statements

12.1 Trade receivables impaired (ageing)

<i>In thousands of Naira</i>	Group		Company	
	2022	2021	2022	2021
Trade receivables impaired (ageing)				
The ageing of impaired trade receivables is as follows:				
Current to 180 days	30,496	37,365	20,205	24,020
Over 180 days	561,692	405,769	428,107	337,754
Total	592,188	443,134	448,312	361,774

The impairment loss as at 31 May 2022 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due are still collectible, based on historical payment behavior and extensive analysis of the underlying customers' credit ratings. The impairment loss is included in administrative expenses.

Based on historical default rates, the Company believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables past due. As at the date of the approval of the financial statements.

All trade receivables are denominated in Nigerian Naira.

The credit risk of distributors is assessed at subsidiary and group level, taking into account their financial positions, past experiences and other factors. Individual distributor credit limits are imposed based on these factors.

Distributors are initially brought on board on a cash basis for a period of six months. At the expiration of the six months cash trading period, distributors are free to apply for credit.

13 Loan receivables

<i>In thousands of Naira</i>	Group		Company	
	2022	2021	2022	2021
Balance as at 1 June	5,000,000	2,049,000	10,368,797	2,049,000
Additions during the year (Note 34)	-	36,319,300	5,451,626	25,347,651
Interest on loan	239,910	171,513	407,229	351,795
Payment within the year	(5,000,000)	(33,368,300)	(15,820,423)	(17,027,854)
Interest paid	(239,910)	(171,513)	(407,229)	(351,795)
	-	5,000,000	-	10,368,797

"Loan receivable relates to cash advance made to related party. Information on interest received on advances and repayment terms are disclosed in Note 34. The Group did not recognise impairment on loans due from related party, because there are no conditions existing that reflects a future default in recovering amount due.

14 Other assets

<i>In thousands of Naira</i>	Group		Company	
	2022	2021	2022	2021
Prepayments	273,282	380,059	273,282	380,059
Advances to Distributors	-	35,098	-	-
Advances to suppliers	961,189	1,103,764	961,189	1,004,905
Total	1,234,471	1,518,921	1,234,471	1,384,964

The advances to Distributors represent amount given to HPZ distributors for the development of showrooms across the country to promote our home electrical appliances brands. Also, advances have been made to suppliers to secure supply lines in the course of business. Prepayments relate to advances for rental accommodation.

Notes to the consolidated and separate financial statements

14	Other assets (cont'd)	Group		Company	
	<i>In thousands of naira</i>	2022	2021	2021	2021
	Non- Current	47,321	232,342	47,321	232,342
	Current	1,187,150	1,286,579	1,187,150	1,152,622
		1,234,471	1,518,921	1,234,471	1,384,964

15	Deposit for imports	Group		Company	
	<i>In thousands of Naira</i>	2022	2021	2022	2021
	Deposit for letters of credit	190,273	32,227	-	32,227
	Total	190,273	32,227	-	32,227

Deposit for letters of credit represents committed cash no longer available for another purpose other than that for which it has been designated for. They represent naira deposits for foreign currencies purchased for funding of letters of credit; all related to settlement of invoices emanating from importation of raw materials, spare parts and machinery.

16	Cash and cash equivalents	Group		Company	
	<i>In thousands of Naira</i>	2022	2021	2022	2021
	Cash in hand	-	20,471	-	20,471
	Cash at bank	22,366,914	20,146,294	13,352,556	12,374,148
	Short term deposits with banks	30,478,419	417,663	22,478,419	417,663
	Total	52,845,333	20,584,428	35,830,975	12,812,282

Short term deposits relates to fixed interest bearing deposits of the group in various banks.

17	Share capital	2022		2021	
		Number in thousands	Amount N'000	Number in thousands	Amount N'000
	Authorised:				
	Ordinary shares of 50k each	4,000,000	2,000,000	4,000,000	2,000,000
	Allotted, called up and fully paid:				
	Ordinary shares of 50k each	3,970,477	1,985,238	3,970,477	1,985,238

18	Deferred Income	Group		Company	
		2022	2021	2022	2021
	Rent received in advance	65,125	77,812	65,125	77,812
		65,125	77,812	65,125	77,812

Non current payables relates to rent received from third parties on PZ Cussons Nigeria Plc warehouses.

Notes to the consolidated and separate financial statements

18 Deferred Income (cont'd)

Deferred Income <i>In thousands of naira</i>	Group		Company	
	2022	2021	2021	2021
Non- Current	9,145	5,025	9,145	5,025
Current	55,980	72,787	55,980	72,787
	65,125	77,812	65,125	77,812

19 Contract Liabilities

	Group			Company	
	2022	2021	2020	2022	2021
Advance from customers	1,161,394	513,965	54,442	572,350	203,764
	1,161,394	513,965	54,442	572,350	203,764

Contact liabilities relates to income received from customers for which goods are yet to be supplied. Revenue is recognised when control of the goods has transferred to the customer, being at the point the goods are received or collected by the customer. When the customer initially purchases the goods, the transaction price received at that point by the Group is recognised as contract liability until the goods have been received by the customer.

Contract Liabilities <i>In thousands of naira</i>	Group			Company	
	2022	2021	2020	2022	2021
Non- Current	-	-	54,442	-	-
Current	1,161,394	513,965	-	572,350	203,764
	1,161,394	513,965	54,442	572,350	203,764

20 Taxation

<i>In thousands of naira</i>	Group		Company	
	2022	2021	2022	2021
Income tax expense:				
Company Income Tax in respect of current year	1,176,644	235,107	299,265	148,143
Education tax in respect of current year	286,074	75,177	114,432	75,177
Capital Gains Tax	846,120	187,348	846,120	187,348
NASENI Levy	-	206,444	-	119,581
Police Levy	500	171	244	94
Under -provision of prior year tax	737,331	686,560	279,090	686,562
Total current tax	3,046,669	1,390,807	1,539,151	1,216,905
Deferred tax:				
Current year charge to income statement	525,509	(514,314)	(184,159)	(996,971)
(Over)/Under provision in prior year	(263,478)	535,365	(263,478)	512,337
Total deferred tax (Note 21)	262,031	21,051	(447,637)	(484,634)
Income tax expense	3,308,700	1,411,858	1,091,514	732,271

Notes to the consolidated and separate financial statements

20 Taxation (cont'd)

Effective tax reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the parent as follows: "

	Group		Company	
	2022	2021	2022	2021
<i>In thousands of naira</i>				
Profit before tax	10,008,024	3,439,364	4,875,166	1,633,844
Income tax using the domestic Company income tax rate of 30% (2021:30%)	3,002,407	1,031,809	1,462,550	490,153
Tax effects of:				
Non-deductible expenses	(1,538,151)	(923,690)	(1,646,709)	(864,693)
Tertiary education tax	286,073	75,177	114,432	75,177
Capital Gains Tax	846,120	187,348	846,120	187,348
Minimum tax	299,265	208,530	299,265	121,566
Prior year tax adjustments recognised in current year	145,041	1,248,502	(251,833)	1,225,476
NASENI and Police Levy	500	206,614	244	119,676
Uncertain tax provision/ (write-back)	267,445	(622,432)	267,445	(622,432)
Total income tax expense in income statement	3,308,700	1,411,858	1,091,514	732,271

The current tax charge has been computed at the applicable rate of 30% (31 May 2021: 30%) plus education levy of 2.5% (31 May 2021: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductible expenses include items such as legal fees, donations, public relations expenses and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income for the company is mainly made up of dividend income and other items not subject to tax while tax exempt income for the group is mainly made up of profit of a subsidiary currently under pioneer status. The impact of the franked investment income recognised in the company has been eliminated in the group.

The movement in the current income taxation payable is as follows:

	Group		Company	
	2022	2021	2022	2021
<i>In thousands of naira</i>				
At 1 June	1,894,465	762,650	1,105,136	147,223
Tax charge for the year	2,309,338	704,247	1,260,061	530,343
Prior under provision	737,331	686,560	279,090	686,562
Tax paid during the year	(1,243,856)	(258,992)	(1,184,539)	(258,992)
At 31 May	3,697,278	1,894,465	1,459,748	1,105,136

Notes to the consolidated and separate financial statements

21 Deferred Taxation

	Group		Company	
	2022	2021 restated	2022	2021 restated
<i>In thousands of naira</i>				
The analysis of deferred tax liabilities is as follows:				
Deferred tax liability to be recovered after more than 12 months	5,078,502	4,816,471	5,360,236	5,807,873

The movement in deferred tax liability is as follows:

	Group		Company	
	2022	2021 Restated	2022	2021 Restated
<i>In thousands of naira</i>				
As at 1 June	4,816,471	4,795,420	5,807,873	6,292,507
Charged/(credited) to income statement (Note 20)	262,031	21,051	(447,637)	(484,634)
As at 31 May	5,078,502	4,816,471	5,360,236	5,807,873

	Group			Company		
	Property, plant and equipment	Provisions	Total	Property, plant and equipment	Provisions	Total
<i>In thousands of naira</i>						
At 1 June 2020 restated	(1,093,594)	5,889,014	4,795,420	1,675,685	4,616,822	6,292,507
(Credited)/charged to income statement	621,796	(600,745)	21,051	879,062	(1,363,696)	(484,634)
At 31 May 2021 restated	(471,798)	5,288,269	4,816,471	2,554,747	3,253,126	5,807,873
(Credited)/charged to income statement	169,394	92,637	262,031	(124,226)	(323,410)	(447,637)
At 31 May 2022	(302,404)	5,380,906	5,078,502	2,430,521	2,929,716	5,360,236

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Group		Company	
	2022	2021 restated	2022	2021 restated
<i>In thousands of naira</i>				
Deferred tax liabilities	5,360,236	5,807,873	5,360,236	5,807,873
Deferred tax assets	(281,734)	(991,402)	-	-
Net deferred tax liabilities	5,078,502	4,816,471	5,360,236	5,807,873

22 Warranty provisions

	Group		Company	
	2022	2021	2022	2021
<i>In thousands of naira</i>				
At 1 June	406,840	344,848	-	-
Charged to the income statement	385,728	452,407	-	-
Utilised in the year	(429,180)	(390,415)	-	-
At 31 May	363,388	406,840	-	-
The ageing of the warranty provision is as follows:				
Within 12 months	114,571	125,023	-	-
Greater than 12 months	248,817	281,817	-	-
Total	363,388	406,840	-	-

The warranty provision represents management's best estimate of the Group's liability under 12-month warranties granted on electrical products, based on past experience for defective products.

The group generally offers 1 - 3 year warranties for its electrical products and components. Directors estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends. Factors that could impact the estimated claim information include the success of the group's product and quality initiatives, as well as spare parts and labour costs (note 2.25.5).

Notes to the consolidated and separate financial statements

23 Trade and other payables	Group		Company	
	2022	2021 Restated	2022	2021 Restated
<i>In thousands of naira</i>				
Trade payables	4,616,152	10,155,646	2,499,298	3,315,602
Unclaimed Dividend (Note 23.1)	1,597,570	1,915,611	1,597,570	1,915,611
Accruals*	8,341,028	5,602,519	6,265,830	3,492,408
Amount owed to subsidiary (Note 34.2)	-	-	4,157,648	6,590,201
Amounts owed to related parties**	43,755,618	24,183,977	32,243,179	21,607,362
Sundry Creditors***	2,682,185	4,815,970	1,717,792	4,264,250
Total	60,992,553	46,673,723	48,481,317	41,185,434

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 90 days. No interest is charged by the Group's suppliers on all its outstanding balances. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms. The Company's exposure to liquidity risk related to trade and other payables is disclosed in Note 3.2. The Directors consider the carrying amount of trade and other payables to approximate their fair value.

* Included in the amounts reported as accruals relates to customer rebates of about N1.12bn (2021:N1.31bn); Duty and clearing costs amount to N1.33bn (2021: N2.05bn), VAT liability N2.9bn (2021: N2.9bn) in both Company and Group

** Transactions which relates to amount owed to related parties are disclosed in Note 34.2.

*** Sundry creditors include amounts for VAT of N1.25bn (2021: N897.7m) in both Company and Group

The following table provides a reconciliation of items reflected as cash and non cash in the Statements of Cash flows

	Group		Company	
	2022	2021 Restated	2022	2021 Restated
Changes in trade and other payables	14,318,831	6,783,271	7,295,883	10,557,943
Adjusted for non-cash items:				
Statute barred dividend transferred to retained earnings (Note 23.1b)	264,145	-	264,145	-
Global shared services support (Note 25a)	(3,254,113)	(2,863,033)	(1,447,276)	(1,579,200)
Technical Know, R&D support, Trademark & Management fees (Note 25a)	(2,646,058)	(2,285,851)	(2,646,058)	(2,285,851)
Changes in trade and other payables as shown in the Statements of Cash flow	8,682,805	1,634,387	3,466,694	6,692,892

23.1 Unclaimed Dividend

23.1a The following dividends were recommended by the Board during the year

<i>In thousands of naira</i>	Group		Company	
	2022	2021	2022	2021
Dividend recommended in 2022, N1.01 kobo (2021, 25 kobo) per qualifying ordinary share	4,000,000	992,620	4,000,000	992,620

This represents the dividend recommended for the preceding year but declared in the current year.

Notes to the consolidated and separate financial statements

23.1a Unclaimed Dividend (cont'd)

After the end of the reporting period, a dividend of N4 billion representing N1.01 kobo (2021: 25 kobo) per qualifying ordinary share of 3,970,477,000 (2021: 3,970,477,000) was recommended by the directors (2021: N992.6 million). The dividends have not been provided for and there are no income tax consequences.

23.1b Movement in Unclaimed Dividend

<i>In thousands of naira</i>	Group		Company	
	2022	2021	2022	2021
Balance at 1 June	1,915,611	1,860,703	1,915,611	1,860,703
Dividend declared with respect to prior year	992,620	397,048	992,620	397,048
Payments during the year to First Registrars	(992,620)	(397,048)	(992,620)	(397,048)
Unpaid dividend received (see (ii) below)	-	54,908	-	54,908
Refund of overdrawn dividend payments (see (iii) below)	(53,896)	-	(53,896)	-
Statute barred dividend transferred to retained earnings (see (i) below)	(264,145)	-	(264,145)	-
Balance at 31 May	<u>1,597,570</u>	<u>1,915,611</u>	<u>1,597,570</u>	<u>1,915,611</u>

The balance as at year end is included in trade and other payables (Note 23)

- (i) Unclaimed dividends received and transferred to retained earnings (statute barred dividends) represent dividends which have remained unclaimed for over twelve (12) years and are therefore no longer recoverable or actionable by the shareholders in accordance with section 432(2) of the Companies and Allied Matters Act, 2020 as amended
- (ii) In accordance with the Securities and Exchange Commission (SEC) circular published in 2015, all Capital Market Registrars are to return unclaimed dividends which have been in their custody for fifteen (15) months and above to the paying companies. The Group received Nil amount from First Registrars Limited during the year (2021: N54.9million).
- (iii) This refers to dividend payments made by First Registrars on behalf of PZ Cussons Nigeria Plc now refunded.
- (iv) This refers to dividend payments made by First Registrars on behalf of PZ Cussons Nigeria Plc now refunded.

24 Derivatives

In thousands of Naira

	Group		Company	
	2022	2021	2022	2021
Deliverable forwards	431,803	582,967	324,820	95,293
Total	<u>431,803</u>	<u>582,967</u>	<u>324,820</u>	<u>95,293</u>

Deliverable forwards represent naira deposits for foreign currencies purchased for funding of forwards; all related to settlement of invoices emanating from importation of raw materials, spare parts and machinery.

Notes to the consolidated and separate financial statements

25a Expense by nature

<i>In thousands of naira</i>	Group		Company	
	2022	2021	2022	2021
Changes in inventories of finished goods and work in progress	61,060,929	50,117,153	33,962,545	27,242,336
Obsolescence/ damaged inventory (Note 11)	2,200,000	116,400	2,200,000	-
Personnel expenses (Note 31.4)	7,528,781	6,708,019	5,884,694	5,151,711
Fuel and gas	2,876,937	1,802,039	2,811,552	1,781,810
Depreciation (Note 4a)	2,329,868	2,595,617	2,132,763	2,409,494
Depreciation - Right-of-use (Note 7)	140,658	164,948	111,707	129,123
Amortization charge - Intangible assets (Note 9)	105,962	105,962	105,962	105,962
Auditors remuneration*	120,206	113,706	90,871	84,871
Directors emoluments (Note 31.1)	268,387	234,675	268,387	234,675
Rent and rates	249,715	150,846	249,715	149,908
Insurance	354,949	359,303	327,004	332,574
Freight/carriage cost	2,881,236	2,586,896	1,751,051	1,561,563
Security services	229,290	306,940	225,850	303,474
PZ Foundation donation	50,015	50,000	50,015	50,000
Global shared services support (Note 34.2)	3,254,113	2,863,033	1,447,276	1,579,200
Vehicle repairs and maintenance	430,382	563,932	331,303	419,345
Technical Know, R&D support, Trademark & Management fees (Note 33)	2,646,058	2,285,851	2,646,058	2,285,851
Advertising and market promotions	2,358,227	1,860,839	1,822,933	1,356,817
Impairment of trade receivables (Note 12)	149,054	85,064	86,538	53,313
Building & plant maintenance	1,074,120	1,164,771	948,180	1,089,598
Impairment of PPE	3,361,872	-	3,361,872	-
General and other expenses	1,904,499	1,444,196	1,603,407	706,352
	95,575,258	75,680,190	62,419,683	47,027,977
Cost of sales	75,202,156	59,484,304	47,098,064	35,497,947
Selling and distribution expenses	10,017,575	9,326,467	6,950,684	6,408,829
Impairment of trade receivables (Note 12)	149,054	85,064	86,538	53,313
Administrative expenses	10,206,473	6,784,355	8,284,397	5,067,888
	95,575,258	75,680,190	62,419,683	47,027,977

* Fees for auditors relate to audit services provided. No non-audit services were provided by the auditors during the year

25b Foreign exchange loss

<i>In thousands of naira</i>	Group		Company	
	2022	2021	2022	2021
Foreign exchange loss	4,159,595	5,950,787	1,419,868	1,791,086

*Exchange loss was taken into consideration by the Group and Company before arriving at the operating profit in the statement of comprehensive income.

Notes to the consolidated and separate financial statements

26 Other income

<i>In thousands of naira</i>	Group		Company	
	2022	2021	2022	2021
Scrap sales and rental income	258,733	179,033	399,305	325,755
Profit on disposal of fixed assets	8,865,457	1,898,883	8,865,444	1,898,883
Sundry income	288,163	-	254,225	-
	9,412,353	2,077,916	9,518,974	2,224,638

The profit on disposal relates mainly to sales of non-core residential properties in Ikoyi, Lagos state. N9.84 billion was received as consideration from the sales of the properties resulting in profit on disposal of N8.86 billion.

27 Revenue

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time when control is passed in the following major product lines. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (see Note 28). The amount of revenue recognised is after adjusting for expected refund liability, which is considered immaterial and not disclosed separately.

The Group analyses its net revenue by the following categories:

<i>In thousands of naira</i>	Group		Company	
	2022	2021	2022	2021
Home and personal care products	58,264,659	47,832,559	58,264,660	47,832,559
Durable electrical appliances	41,238,661	34,744,981	-	-
Total	99,503,320	82,577,540	58,264,660	47,832,559

28 Operating segments

The Chief operating decision-maker has been identified as the Executive Management which comprises the five Executive Directors

The Executive Management reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports which include an allocation of central revenue and costs as appropriate.

For reporting purposes, in accordance with IFRS 8 'Operating Segments', the Board aggregates operating segments with similar characteristics and conditions into reporting segments, which form the basis of the reporting in the Annual Report.

The Executive Management considers the business from products perspective, with branded consumer goods and durable electrical appliances being the reporting segments. The Executive Management assesses the performance based on operating profit before any exceptional items.

The principal categories of customers are wholesalers. The Group's reportable segments under IFRS 8 are therefore as follows:

Notes to the consolidated and separate financial statements

28 Operating segments (cont'd)

Segment	Description
Home and Personal Care Products	This includes the production and sale of Morning Fresh, Zip, Canoe, Premier, Excel, Joy, Stella, Venus, Imperial Leather, Cussons Baby, Original Source, Carex, Robb etc.
Durable Electrical appliances	This includes the production and sale of Haier Thermocool Refrigerators, Freezers, Televisions, Generators, Air conditioners, Washing Machines etc.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in Note 2. Segment profit represents the profit earned by each segment without central administration costs including directors' salaries, finance income, non-operating gains and losses in respect of financial instruments. This is the measure reported to the Group's Executive Management for the purpose of resource allocation and assessment of segment performance.

28.1 Segment revenues and profits

The following is an analysis of the Group's revenue and results by reportable segment in 2022:

	Home and Personal Care Products	Durable electrical appliances	Eliminations	Total
As at May 2022				
<i>In thousands of naira</i>				
Revenue				
Total gross segment revenue	58,264,660	41,238,660	-	99,503,320
Intersegment revenue	-	-	-	-
Total Revenue	58,264,660	41,238,660	-	99,503,320
Segment operating profit	(5,574,891)	5,343,358	-	(231,533)
Depreciation (Note 4a)	(2,132,763)	(197,105)	-	(2,329,868)
Interest income (Note 35)	933,042	73,873	(170,771)	836,144
Interest cost (Note 35)	(1,959)	(177,751)	170,771	(8,939)
Profit before taxation	4,875,166	5,132,859	-	10,008,025
Taxation (Note 20)	(1,091,514)	(2,217,186)	-	(3,308,700)
Profit after taxation	3,783,652	2,915,673	-	6,699,325

Notes to the consolidated and separate financial statements

28.1 Segment revenues and profits (cont'd)

The following is an analysis of the Group's revenue and results by reportable segment in 2021:

As at May 2021	Home and Personal Care Products	Durable electrical appliances	Eliminations	Total
<i>In thousands of naira</i>				
Revenue				
Total gross segment revenue	47,832,559	34,744,981	-	82,577,540
Total Revenue	47,832,559	34,744,981	-	82,577,540
Segment operating loss	(986,504)	1,933,067	-	946,563
Depreciation (Note 4a)	(2,409,494)	(186,123)	-	(2,595,617)
Interest income (Note 35)	408,039	13,212	(182,688)	238,563
Interest cost (Note 35)	(12,329)	(241,839)	182,688	(71,480)
Profit before taxation	1,633,844	1,557,718	-	3,191,562
Taxation (Note 20)	(732,271)	(679,587)	-	(1,411,858)
Profit after taxation	901,573	878,131	-	1,779,704

The Group is domiciled in Nigeria. Segment revenue reported above represents revenue generated from external customers. The result of its revenue from external customers in Nigeria is N96.57 billion (2021: N79.20 billion) and the total of revenue from external customers from other countries is N2.93 billion (2021: N3.37 billion) (Note 28.5). There were no intersegment sales in the current year (2021: Nil).

28.2 Segment assets

As at May 2022	Home and Personal Care Products	Durable electrical appliances	Eliminations	Total
<i>In thousands of naira</i>				
Property plant and equipment (Note 4a)	15,137,428	1,352,659	-	16,490,087
Intangible assets (Note 8)	529,808	-	-	529,808
Other long-term receivables	0	-	-	0
Financial assets (Note 3.1)	41,374,687	20,447,541	-	61,822,228
Inventory (Note 11)	19,263,283	7,628,496	-	26,891,779
Total segment assets	76,305,206	29,428,696	-	105,733,902
Unallocated assets	3,570,329	672,859	(504,406)	3,738,782
Consolidated total assets	79,875,535	30,101,555	(504,406)	109,472,684

Notes to the consolidated and separate financial statements

28.2 Segment assets (cont'd)

As at May 2021	Home and Personal Care Products	Durable electrical appliances	Eliminations	Total
<i>In thousands of naira</i>				
Property plant and equipment (Note 4a)	23,126,484	1,543,613	-	24,670,097
Intangible assets (Note 8)	635,770	-	-	635,770
Other long-term receivables	-	-	-	-
Financial assets (Note 3.1)	28,688,325	7,721,458	-	36,409,783
Inventory (Note 11)	15,282,696	7,945,268	-	23,227,964
Total segment assets	67,733,275	17,210,339	-	84,943,614
Unallocated assets	1,635,433	1,270,230	(504,406)	2,401,257
Consolidated total assets	69,368,708	18,480,569	(504,406)	87,344,871

The total segment assets located in Nigeria is N109.5 billion (2021: N87.3 billion), and the total of such segment assets located in other countries is Nil (2021: Nil).

For the purposes of monitoring segment performance and allocating resources between segments the Group's Executive Management monitors the tangible, intangible and financial assets attributable to each segment. All assets are allocated to reportable segments with the exception of investments in subsidiaries and tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

28.3 Other segment information

	Group		Additions to non-current assets	
	Depreciation and amortisation 2022	2021	2022	2021
<i>In thousands of naira</i>				
Home and Personal Care Products	2,238,725	2,515,456	718,792	958,598
Durable Electrical Appliances	197,105	186,123	6,470	168,357
	2,435,830	2,701,579	725,262	1,126,955

The depreciation and amortisation as well as the additions to non-current assets reported above, were recognised in respect of property, plant and equipment only.

28.4 Revenues from major products

The Group's revenues from its major products and are disclosed in Note 27.

Notes to the consolidated and separate financial statements

28.5 Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets excluding financial instruments, deferred tax assets and other financial assets) by geographical location are detailed below:

Group

	Revenue from external customers	
<i>In thousands of naira</i>	2022	2021
Domestic (within Nigeria)	96,573,321	79,202,599
Export (outside Nigeria)	2,929,999	3,374,941
Total revenue from contract with customers	99,503,320	82,577,540

Company

	Revenue from external customers	
<i>In thousands of naira</i>	2022	2021
Domestic (within Nigeria)	55,334,661	44,457,618
Export (outside Nigeria)	2,929,999	3,374,941
Total revenue from contract with customers	58,264,660	47,832,559

The total value of non-current assets from which revenue was derived are: Group N19.01 billion (2021: N26.61 billion), Company N17.88 billion (2021: 24.55 billion)

In presenting information on the basis of geography, segment revenue is based on the geographical location of the customers and segment assets are based on the geographical location of the assets.

The Company facilitate export sales for a related company - Nutricima Ltd which is also domiciled in Nigeria. Proceeds of such export activities are repatriated back to the country in line government policy guidelines.

28.6 Information about major customers

No single external customer either within or outside Nigeria contributed up to 10% of the revenue for the year. Therefore, information on major customers is not presented.

29 Restatement of Comparatives

The presentation of the comparative figures and the prior year's balances have been restated in line with IAS 1 (Presentation of financial statements), IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and other applicable financial reporting standards for meaningful comparison. The details of these items are stated below:

Indirect tax liability following internal review of prior year claim to external parties

In the year ended 31 May 2019, Management identified an issue related to indirect tax whereby the Company incorrectly assessed the applicability of VAT to sales of particular goods and purchases of particular raw materials during the period 2016 to 2019. For the year ended 31 May 2022, the Directors consider that this issue results in a potential liability during 2016 to 2019 that had not previously been recognised in its financial statements.

As at the 31 May 2022 and in line with IAS 37, the Company considered it appropriate to recognise a provision of N2.59 billion in relation to this liability, which includes applicable fines and interest. In Directors' view, it would have been correct to have recorded the provision in the years in which the incorrect assessment of VAT took place, being between 2016 and 2019. In line with IAS 8 and considering that this time period is before the comparative year (31 May 2021), which is the earliest prior period presented in the financial statements, the Group and the Company have restated the opening statement of financial position of this comparative period. A provision of N2.59 billion has been recorded within current liabilities and a Company Income Tax receivable has been recognised for N277 million, as a portion of the liability is tax deductible. A resulting reduction in retained earnings has been made for the net value of N2.31 billion.

Notes to the consolidated and separate financial statements

29 Restatement of Comparatives (cont'd)

The Directors are in the process of conducting an investigation by an independent third party to confirm the causal factors that gave rise to this matter. The outcome of this investigation will be a thorough understanding of the cause of the errors which were corrected in this Consolidated and Separate Financial Statements for the year ended 31 May 2022 and where required, further disclosures will be reported timely.

	2021		2020	
	Group	Company	Group	Company
VAT provision (Note d(i))	2,590,027	2,590,027	2,590,027	2,590,026
Company Income Tax receivable (Note e(i))	<u>(277,280)</u>	<u>(277,280)</u>	<u>(277,280)</u>	<u>(277,280)</u>
	<u>2,312,747</u>	<u>2,312,747</u>	<u>2,312,747</u>	<u>2,312,746</u>

Probable liability following Federal Inland Revenue Service (FIRS) review of prior year claims

These claims are as a result of ongoing FIRS reviews of previous positions with respect to direct and indirect taxes between 2010 - 2017. While engagement with FIRS is continuing, the Directors have evaluated the probable liability which has now been adjusted in line with IAS 37 (note 32). This liability for the Group amounted to N1.096 billion in 2021 (2020: N 558 million) and N538 million in 2021 (2020: Nil) at Company level. The Directors have therefore corrected it retrospectively as a prior year adjustment.

	2021		2020	
	Group	Company	Group	Company
VAT provision (Note d(ii))	347,671	247,802	99,869	-
Company Income Tax payable (Note e(ii))	<u>748,624</u>	<u>290,379</u>	<u>458,245</u>	<u>-</u>
	<u>1,096,295</u>	<u>538,181</u>	<u>558,114</u>	<u>-</u>

Reassessment of uncertain tax provisions recorded in the prior year

Following the annual review of uncertain tax provisions, it was found that the base tax amount used in the prior year assessment was incorrect due to conversion currency disparity at the related party level. As such an excess provision of N622 million was made in prior year. Considering the materiality of the amount, the Directors have therefore corrected it retrospectively i.e. a prior year adjustment.

	2021		2020	
	Group	Company	Group	Company
Release of excess uncertain tax provision	<u>(622,432)</u>	<u>(622,432)</u>	<u>-</u>	<u>-</u>

Subsequently, the Consolidated and Separate Financial Statements of comparative periods were restated to reflect these changes.

The following tables summarise the adjustments arising from change in the correction of prior period errors on the statement of financial position, the statement of profit or loss and other comprehensive income and the statement of cash flows. The changes have been made by restating each of the affected financial statements line items for prior periods. Further details are shown below:

Notes to the consolidated and separate financial statements

29 Restatement of Comparatives

i Consolidated and separate statement of profit or loss and other comprehensive income

	Group			Company		
	2021 Previously stated	Impact of adjustment	2021 Restated	2021 Previously stated	Impact of adjustment	2021 Restated
<i>In thousands of naira</i>						
Revenue	82,577,540	-	82,577,540	47,832,559	-	47,832,559
Cost of sales	(59,484,304)	-	(59,484,304)	(35,497,947)	-	(35,497,947)
Gross profit	23,093,236	-	23,093,236	12,334,612	-	12,334,612
Selling and distribution expenses	(9,326,467)	-	(9,326,467)	(6,408,829)	-	(6,408,829)
Impairment of trade receivables	(85,064)	-	(85,064)	(53,313)	-	(53,313)
Administrative expenses	(6,536,553)	(247,802)	(6,784,355)	(4,820,086)	(247,802)	(5,067,888)
Exchange loss	(5,950,787)	-	(5,950,787)	(1,791,086)	-	(1,791,086)
Operating profit/(loss)	1,194,365	(247,802)	946,563	(738,702)	(247,802)	(986,504)
Other income	2,077,916	-	2,077,916	2,224,638	-	2,224,638
Interest income	238,563	-	238,563	408,039	-	408,039
Interest cost	(71,480)	-	(71,480)	(12,329)	-	(12,329)
Profit/(Loss) before tax	3,439,364	(247,802)	3,191,562	1,881,646	(247,802)	1,633,844
Income tax expense	(1,743,911)	332,053	(1,411,858)	(1,064,324)	332,053	(732,271)
Profit/(Loss) for the year	1,695,453	84,251	1,779,704	817,322	84,251	901,573
Total comprehensive income/(expense) for the year	1,695,453	-	1,779,704	817,322	-	901,573
Equity holders of the parent company	1,475,606	-	1,559,857	817,322	-	901,573
Non-controlling interest	219,847	-	219,847	-	-	-
	1,695,453	84,251	1,779,704	817,322	84,251	901,573
Basic and diluted earnings/(loss) per share (kobo)	0.37		0.39	0.21		0.23

The accompanying notes set out below form an integral part of this restatement note.

Notes

The following are the adjustments made retrospectively in respect of the regulatory claims and reversal of excess provision which were recognized in prior years:

	2021	
	Group	Company
a. VAT liabilities resulting from regulatory reviews which was conducted in the prior period (2021) and resolved in the current year with no change to facts and conditions that existed in the prior period when the report of the regulatory review was received.	<u>(247,802)</u>	<u>(247,802)</u>
b. This relates to uncertain tax provision made in the previous periods for which a reduction was made in PY 2021 based on adjustment in the term of transaction with its related party. An assessment made in current year reveals that the release should have been more by N622 million due to the currency of the transaction.	622,432	622,432
Corporate Income Tax Liabilities resulting from regulatory reviews which was conducted in the prior period (2021) and resolved in the current year with no change to facts and conditions that existed in the prior period when the report of the regulatory review was received.	<u>(290,379)</u>	<u>(290,379)</u>
	<u>332,053</u>	<u>332,053</u>

Notes to the consolidated and separate financial statements

29 Restatement of Comparatives (cont'd)

ii Consolidated and separate Statement of financial position

<i>In thousands of naira</i>	Note	2021 Previously stated	Group Impact of adjustment	2021 Restated	2020 Previously stated	Group Impact of adjustment	2020 Restated
Assets							
Non-current assets							
Property, plant and equipment		24,670,097	-	24,670,097	26,190,242	-	26,190,242
Right-of-use assets		201,212	-	201,212	275,042	-	275,042
Intangible assets		635,770	-	635,770	741,732	-	741,732
Investment in subsidiary		-	-	-	-	-	-
Investment property		-	-	-	-	-	-
Deferred taxation		991,402	-	991,402	1,497,087	-	1,497,087
Other assets		232,342	-	232,342	-	-	-
Total non-current assets		26,730,823	-	26,730,823	28,704,103	-	28,704,103
Current assets							
Inventories		23,227,964	-	23,227,964	26,258,699	-	26,258,699
Trade and other receivables		9,899,883	-	9,899,883	8,016,571	-	8,016,571
Loan receivables		5,000,000	-	5,000,000	2,049,000	-	2,049,000
Other assets		1,286,579	-	1,286,579	1,010,312	-	1,010,312
Deposits for imports		32,227	-	32,227	497,114	-	497,114
Derivatives		582,967	-	582,967	704,961	-	704,961
Cash and cash equivalents		20,584,428	-	20,584,428	10,792,938	-	10,792,938
Total current assets		60,614,048	-	60,614,048	49,329,595	-	49,329,595
Total assets		87,344,871	-	87,344,871	78,033,698	-	78,033,698
Equity and liabilities							
Equity							
Share capital		1,985,238	-	1,985,238	1,985,238	-	1,985,238
Share premium		6,878,269	-	6,878,269	6,878,269	-	6,878,269
Retained earnings (Note 22)	c,d,e	22,706,973	(2,647,041)	20,059,932	21,628,415	(2,731,292)	18,897,123
Equity attributable to equity holders of parent company		31,570,480	(2,647,041)	28,923,439	30,491,922	(2,731,292)	27,760,630
Non-controlling interest		2,985,111	(139,569)	2,845,542	2,765,264	(139,569)	2,625,695
Total Equity		34,555,591	(2,786,610)	31,768,981	33,257,186	(2,870,861)	30,386,325
Liabilities							
Non-current liabilities							
Deferred income		5,025	-	5,025	6,605	-	6,605
Contract liabilities		-	-	-	54,442	-	54,442
Deferred taxation (Note 21)	c	6,430,305	(622,432)	5,807,873	6,292,507	-	6,292,507
Warranty provisions		281,817	-	281,817	245,418	-	245,418
Other long term liabilities		-	-	-	-	-	-
Lease Liability		69,506	-	69,506	119,847	-	119,847
Total non-current liabilities		6,786,653	(622,432)	6,164,221	6,718,819	-	6,718,819
Current liabilities							
Trade and other payables (Note 23)	d	43,736,025	2,937,698	46,673,723	37,200,556	2,689,896	39,890,452
Deferred income		72,787	-	72,787	20,827	-	20,827
Contract liabilities		513,965	-	513,965	-	-	-
Current taxation payable (Note 20)	e	1,423,121	471,344	1,894,465	581,685	180,965	762,650
Warranty provisions		125,023	-	125,023	99,430	-	99,430
Lease Liability		131,706	-	131,706	155,195	-	155,195
Total current liabilities		46,002,627	3,409,042	49,411,669	38,057,693	2,870,861	40,928,554
Total liabilities		52,789,280	2,786,610	55,575,890	44,776,512	2,870,861	47,647,373
Total equity and liabilities		87,344,871	-	87,344,871	78,033,698	-	78,033,698

Notes to the consolidated and separate financial statements

29 Restatement of Comparatives (cont'd)

iii Consolidated and separate Statement of financial position

<i>In thousands of naira</i>	Note	2021 Previously stated	Company Impact of adjustment	2021 Restated	2020 Previously stated	Company Impact of adjustment	2020 Restated
Assets							
Non-current assets							
Property, plant and equipment		23,126,484	-	23,126,484	24,628,863	-	24,628,863
Right-of-use assets		171,719	-	171,719	209,724	-	209,724
Intangible assets		635,770	-	635,770	741,732	-	741,732
Investment in subsidiary		504,406	-	504,406	504,406	-	504,406
Investment property		-	-	-	-	-	-
Deferred taxation		-	-	-	-	-	-
Other assets		232,342	-	232,342	-	-	-
Total non-current assets		24,670,721	-	24,670,721	26,084,725	-	26,084,725
Current assets							
Inventories		15,282,696	-	15,282,696	15,654,747	-	15,654,747
Trade and other receivables		4,954,070	-	4,954,070	4,087,173	-	4,087,173
Loan receivables		10,368,797	-	10,368,797	2,049,000	-	2,049,000
Other assets		1,152,622	-	1,152,622	849,486	-	849,486
Deposits for imports		32,227	-	32,227	15,463	-	15,463
Derivatives		95,293	-	95,293	302,906	-	302,906
Cash and cash equivalents		12,812,282	-	12,812,282	8,573,322	-	8,573,322
Total current assets		44,697,987	-	44,697,987	31,532,097	-	31,532,097
Total assets		69,368,708	-	69,368,708	57,616,822	-	57,616,822
Equity and liabilities							
Equity							
Share capital		1,985,238	-	1,985,238	1,985,238	-	1,985,238
Share premium		6,878,269	-	6,878,269	6,878,269	-	6,878,269
Retained earnings (Note 22)	c,d,e	14,181,959	(2,228,496)	11,953,463	13,761,685	(2,312,746)	11,448,939
Equity attributable to equity holders of parent company		23,045,466	(2,228,496)	20,816,970	22,625,192	(2,312,746)	20,312,446
Non-controlling interest		-	-	-	-	-	-
Total Equity		23,045,466	(2,228,496)	20,816,970	22,625,192	(2,312,746)	20,312,446
Liabilities							
Non-current liabilities							
Deferred income		5,025	-	5,025	6,605	-	6,605
Contract liabilities		-	-	-	-	-	-
Deferred taxation (Note 21)	c	6,430,305	(622,432)	5,807,873	6,292,507	-	6,292,507
Warranty provisions		-	-	-	-	-	-
Other long term liabilities		-	-	-	-	-	-
Lease Liability		61,134	-	61,134	91,887	-	91,887
Total non-current liabilities		6,496,464	(622,432)	5,874,032	6,390,999	-	6,390,999
Current liabilities							
Trade and other payables (Note 23)	d	38,347,605	2,837,829	41,185,434	28,037,464	2,590,026	30,627,490
Deferred income		72,787	-	72,787	20,827	-	20,827
Contract liabilities		203,764	-	203,764	-	-	-
Current taxation payable (Note 20)	e	1,092,037	13,099	1,105,136	424,503	(277,280)	147,223
Warranty provisions		-	-	-	-	-	-
Lease Liability		110,585	-	110,585	117,837	-	117,837
Total current liabilities		39,826,778	2,850,928	42,677,706	28,600,631	2,312,746	30,913,377
Total liabilities		46,323,242	2,228,496	48,551,738	34,991,630	2,312,746	37,304,376
Total equity and liabilities		69,368,708	-	69,368,708	57,616,822	-	57,616,822

Notes

The following are the adjustments made retrospectively in respect of the regulatory claims and reversal of excess provision which were recognized in prior years:

Notes to the consolidated and separate financial statements

29 Restatement of Comparatives (cont'd)

iii Consolidated and separate Statement of financial position

<i>In thousands of naira</i>		2021		2020	
		Group	Company	Group	Company
c	This relates to uncertain tax provision made in the previous periods for which a reduction was made in PY 2021 based on adjustment in the term of transaction with its related party. An assessment made in current year reveals that the release should have been more by N622 million due to the currency of the transaction.	(622,432)	(622,432)	-	-
d	VAT liabilities from internal and regulatory reviews, now accounted for in line with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets):				
i	VAT liability arising from internal review of previous position on vatable items. These items were previously considered non-vatable between 2016 - 2019. However, further review have shown that they should have been treated as vatable.	2,590,027	2,590,027	2,590,027	2,590,026
ii	VAT liabilities resulting from regulatory reviews which was conducted in the prior period and resolved in the current year with no change to facts and conditions that existed in the prior period when the report of the regulatory review was received:				
	- Additional VAT liability resulting from regulatory review of the subsidiary entity.	99,869	-	99,869	-
	- Additional VAT liability resulting from regulatory review at Company's operating entity.	247,802	247,802	-	-
		<u>2,937,698</u>	<u>2,837,829</u>	<u>2,689,896</u>	<u>2,590,026</u>
e	Company Tax Claim arising from internal and regulatory reviews, now accounted for in line with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets):				
i	Company Income Tax claim arising from internal review of VAT previous position {Note d(i)}	(277,280)	(277,280)	(277,280)	(277,280)
ii	Company Income Tax Liabilities resulting from regulatory reviews which was conducted in the prior period and resolved in the current year with no change to facts and conditions that existed in the prior period when the report of the regulatory review was received:				
	- Additional Company Income Tax resulting from regulatory review of the subsidiary entity	458,245	-	458,245	-
	- Additional Company Income Tax resulting from regulatory review at Company's operating entity.	290,379	290,379	-	-
		<u>471,344</u>	<u>13,099</u>	<u>180,965</u>	<u>(277,280)</u>
		<u>2,786,610</u>	<u>2,228,496</u>	<u>2,870,861</u>	<u>2,312,746</u>

Notes to the consolidated and separate financial statements

29 Restatement of Comparatives (cont'd)

iv Statement of cash flows

<i>In thousands of naira</i>	Group			Company		
	2021 Previously stated	Impact of adjustment	2021 Restated	2021 Previously stated	Impact of adjustment	2021 Restated
Operating activities						
Profit before tax	a 3,439,364	(247,802)	3,191,562	1,881,646	(247,802)	1,633,844
Adjustments for:						
Depreciation of property, plant & equipment	2,595,617	-	2,595,617	2,409,494	-	2,409,494
Impairment of property, plant & equipment	420	-	420	420	-	420
Depreciation of right-of-use	164,948	-	164,948	129,123	-	129,123
Amortization of intangible asset	105,962	-	105,962	105,962	-	105,962
Profit on disposal of PPE	(1,898,883)	-	(1,898,883)	(1,898,883)	-	(1,898,883)
Effect of foreign exchange rate changes	(748,508)	-	(748,508)	(241,010)	-	(241,010)
Obsolescence/ damaged inventory	116,400	-	116,400	-	-	-
Global shared services support	2,863,033	-	2,863,033	1,579,200	-	1,579,200
Technical Know, R&D, Trademark & Mgt. fees	2,285,851	-	2,285,851	2,285,851	-	2,285,851
Interest expense	71,480	-	71,480	12,329	-	12,329
Interest income	(238,563)	-	(238,563)	(408,039)	-	(408,039)
	8,757,121	(247,802)	8,509,319	5,856,093	(247,802)	5,608,291
Change in:						
Inventories	2,914,335	-	2,914,335	372,051	-	372,051
Trade and other receivables	(1,883,312)	-	(1,883,312)	(866,897)	-	(866,897)
Other assets	(508,609)	-	(508,609)	(535,478)	-	(535,478)
Deposit for imports	464,887	-	464,887	(16,764)	-	(16,764)
Derivatives	121,994	-	121,994	207,613	-	207,613
Trade and other payables	a 1,386,585	247,802	1,634,387	6,445,090	247,802	6,692,892
Deferred Income	50,380	-	50,380	50,380	-	50,380
Contract liabilities	459,523	-	459,523	203,764	-	203,764
Warranty provisions	61,992	-	61,992	-	-	-
Cash generated from operating activities	11,824,896	-	11,824,896	11,715,852	-	11,715,852
Income tax paid	(258,992)	-	(258,992)	(258,992)	-	(258,992)
Net cash flows from operating activities	11,565,904	-	11,565,904	11,456,860	-	11,456,860
Investing activities						
Interest income	238,563	-	238,563	408,039	-	408,039
Loan advanced	(36,319,300)	-	(36,319,300)	(25,347,651)	-	(25,347,651)
Loan repayment	33,368,300	-	33,368,300	17,027,854	-	17,027,854
Proceeds from sale of property, plant and equipment	1,949,946	-	1,949,946	1,949,946	-	1,949,946
Acquisition of property, plant and equipment	(1,126,955)	-	(1,126,955)	(958,598)	-	(958,598)
Net cash from/ (used in) investing activities	(1,889,446)	-	(1,889,446)	(6,920,410)	-	(6,920,410)
Financing activities						
Dividends paid	(397,048)	-	(397,048)	(397,048)	-	(397,048)
Unclaimed dividends forfeited	-	-	-	-	-	-
Interest expense paid	(71,480)	-	(71,480)	(12,329)	-	(12,329)
Lease payment	(164,948)	-	(164,948)	(129,123)	-	(129,123)
Net cash flows used in financing activities	(633,476)	-	(633,476)	(538,500)	-	(538,500)
Net increase in cash and cash equivalents	9,042,982	-	9,042,982	3,997,950	-	3,997,950
Cash and cash equivalents at 1 June	10,792,938	-	10,792,938	8,573,322	-	8,573,322
Effect of foreign exchange rate changes	748,508	-	748,508	241,010	-	241,010
Cash and cash equivalents at 31 May	20,584,428	-	20,584,428	12,812,282	-	12,812,282

30 Earnings per share

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	Group		Company	
	2022	2021	2022	2021
Profit attributable to equity holders of parent company (N'000)	5,970,115	1,559,857	3,783,652	901,573
Weighted average number of ordinary shares in issue ('000)	3,970,477	3,970,477	3,970,477	3,970,477
Basic earnings per share (Naira/share)	1.50	0.39	0.95	0.23

Diluted EPS is the same as basic earnings per share as there are no potential dilutive ordinary shares or transactions.

Notes to the consolidated and separate financial statements

31 Directors and employees emoluments

31.1 Chairman and director's emoluments: <i>In thousands of naira</i>	Group		Company	
	2022	2021	2022	2021
Chairman	9,300	10,550	9,300	10,550
Directors	259,087	224,125	259,087	224,125
Total	268,387	234,675	268,387	234,675
As fees (As per Non-Executive Directors)	5,050	6,350	5,050	6,350
Other emoluments (As per Non-Executive Directors)	21,700	31,150	21,700	31,150
Emoluments As per Executive Directors	241,637	197,175	241,637	197,175
Total	268,387	234,675	268,387	234,675

Included in emoluments to Executive Directors is pension paid to them during the year.

31.2 Number of directors excluding the chairman, whose emoluments fell within the following ranges were:

31.2.1 Executive Directors

	Group		Company	
	2022 Number	2021 Number	2022 Number	2021 Number
N10,000,000 - N20,000,000	-	-	-	-
N20,000,001 - N30,000,000	-	3	-	3
N30,000,001 - N40,000,000	1	-	1	-
N40,000,001 - N50,000,000	1	-	1	-
N100,000,001 - N130,000,000	-	-	-	-
N130,000,001 - N160,000,000	1	1	1	1
Directors with salaries and allowances as emoluments	3	4	3	4

31.2.2 Non-Executive Directors

N1,000,000 - N5,000,000	1	2	1	2
N5,000,001 - N10,000,000	3	5	3	5
Directors with fees and emoluments	4	7	4	7
Directors with no emoluments	2	-	2	-
Total	6	7	6	7

31.3 Highest paid director received

<i>In thousands of naira</i>	Group		Company	
	2022	2021	2022	2021
Highest paid director received	163,641	126,309	163,641	126,309

Notes to the consolidated and separate financial statements

31.4 Personnel expenses

- (a) Personnel expenses for the year comprise of the following:

<i>In thousands of naira</i>	Group		Company	
	2022	2021	2022	2021
Salaries, wages and other employee expenses	6,678,080	5,918,043	5,229,161	4,548,312
Pension costs - defined contribution plan	512,937	493,710	385,101	369,508
Pension costs - gratuity scheme	337,764	296,266	270,432	233,890
Total	7,528,781	6,708,019	5,884,694	5,151,711

Other employee expenses include incentives, medical and other employee benefits.

- (b) Number of employees of the Group and Company as at 31 May, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
N1,000,000 and below	26	10	21	7
N1,000,001 - N1,500,000	7	6	5	6
N1,500,001 - N2,000,000	52	39	17	8
N2,000,001 - N2,500,000	528	425	382	273
N2,500,001 - N3,000,000	166	327	99	249
N3,000,001 - N3,500,000	21	94	14	73
N3,500,001 - N4,000,000	24	46	22	41
N4,000,001 and above	216	237	165	182
	1,040	1,184	725	839

- (c) The number of full-time persons employed per function as at 31 May was as follows:

	Group		Company	
	2022	2021	2022	2021
	Number	Number	Number	Number
Production	631	667	467	497
Sales and distribution	293	397	162	243
Administration	116	118	96	98
Total	1,040	1,182	725	838

Notes to the consolidated and separate financial statements

32 Contingencies

a Assets

Export Expansion Grant scheme (EEG)

The Export Expansion Grant ('EEG' or 'the Scheme') is one of the export incentives introduced by the Federal Government of Nigeria through the Export (Incentives and Miscellaneous Provisions) Act No. 18 of 1986 as amended by the Export(Incentives and Miscellaneous Provisions) Act No. 65 of 1992, Cap E19, Laws of the Federation of Nigeria (LFN). It is a post-shipment incentive designed to improve the competitiveness of Nigerian products and commodities and expand the country's volume and value of non-oil exports.

The "Export Expansion Grant scheme (EEG)" is a very vital incentive of the Federal Government of Nigeria required for the stimulation of export oriented activities that will lead to significant growth of the non-oil export sector. Having met the eligibility criteria and registered under the scheme by the Nigerian Export Promotion Council (NEPC), the Group is entitled to a rebate on export sales in as much as the Group can demonstrate that all the conditions precedent have been met.

Negotiable Duty Credit Certificate (NDCC): The NDCC now called Export Credit Certificate (ECC) in line with the revised guidelines for Export Expansion Grant (EEG) scheme can be used to settle all Federal government taxes such as Company Income Tax, VAT, WHT, etc. and the following:

- (a) purchase of Federal Government Bonds,
- (b) settlement of credit facilities by Bank of industry (BOI), Nigerian Export-Import Bank (NEXIM) and Central Bank of Nigeria (CBN) intervention facilities .
- (c) settlement of Asset Management Corporation of Nigeria (AMCON) liabilities

In the prior year, export rebate receivable is recognised at the approved applicable annual rate(%) on the related export proceeds. The weighted eligibility criteria has 4 bands: 15%, 10%, 7.5% and 5%. Approval of the rebate is subject to meeting threshold of the following eligibility criteria: local value added, local content, employment (Nigerians), priority sector, export growth and capital investment.

The Group will recognise grants/certificates received. Grant is recognised as a credit to cost of sales and as financial instrument(Export Credit Certificate) received from the Government. However, since the Government have not communicated or indicated unwillingness to honour EEG obligation, the Group will continue to file valid export claims with the Nigerian Export Promotion Council (NEPC) and only record this as contingent assets. Analysis of Export claims and Certificates with the NEPC are given below. In view of the sovereign nature of these government obligations, the Group will continue to pursue the full recovery of these assets.

Negotiable Duty Credit Certificate (NDCC)

In thousands of naira

	Group	
	2022	2021
NDCC with NEPC (awaiting conversion to ECC)	297,492	297,492
Export Rebate filed with Government	3,375,174	3,375,174
	<u>3,672,666</u>	<u>3,672,666</u>
NDCC with NEPC (awaiting conversion to ECC) held on behalf related entities	352,508	352,508
Total - NDCC and Export rebates receivable	<u>4,025,174</u>	<u>4,025,174</u>

Notes to the consolidated and separate financial statements

32 Contingencies (cont'd)

b Liabilities

Pending litigation and claims

The Group is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of these pending litigations amounted to N1.98 billion as at 31 May 2022 (2021: N1.86 billion). In the opinion of the directors, and based on independent legal advice, the Company is not expected to suffer any material loss arising from these claims. Thus no provision has been made in these financial statements.

Tax related claims

In the normal course of business, the Group have estimated claims amounting to N68.7 million relating to uncertain tax provisions (UTP) in line IFRIC 23.

In respect of the ongoing Tax audits as at 31 May 2022, the Directors have accounted for the probable tax liabilities in line with IAS 37 (Note 29). Any possible liability arising therefrom is estimated at N4.8 billion and N398 million for the Group and the Company respectively. This estimated amount is the additional possible claim in the view of FIRS as at the date of this report. The Directors are of the view that the conclusion of the ongoing engagement with FIRS would not result in any additional probable liabilities.

Financial commitments

In the normal course of business, the Group uses letters of credit to import materials. The total value of open letters of credit as at 31 May was N19.75 billion (2021: N18.90 billion).

Capital commitments

Below represents capital commitments for the acquisition of property, plant and equipment not provided for in the financial statements:

	Group	Company	
<i>In thousands of naira</i>	2021	2022	2021
Authorised and contracted	150,202	639,125	1,271,077
Authorised but not contracted	1,398,467	280,313	122,449
Total	1,548,669	919,438	1,393,526

33 Technical service fee

The technical agreements, basis and amounts are given below. The amount recognised in these financial statements is inclusive of VAT which is payable to the government. All agreements are subject to the approval of the National Office for Technology Acquisition and promotion (NOTAP). The Company have gotten approval for the Technical Knowhow agreement for 2020-2022 from NOTAP while awaiting approvals for the other agreements.

NOTAP Approved Items	Rates	2022	2021
Technical Knowhow	3%	1,764,039	1,414,362
Technical service(R & D)	1%	588,013	509,534
Trademark	0.5%	294,006	361,955
Management Fee	4%	-	-
	Sub total	2,646,058	2,285,851
IT Recharge		3,254,113	2,863,033
	Total	5,900,171	5,148,884

"* Net Sales is Gross sales price less (i) value added taxes or sales tax payable; (ii) bonafide packing, transport and insurance cost; and (iii) trade discounts and re-imbursements actually granted to customer in respect of such invoice. "

* PBT - Profit before tax

Notes to the consolidated and separate financial statements

34 Related party transactions

34.1 Group and company

The group and company are controlled by PZ Cussons (Holdings) Limited, incorporated in the UK, which owns 73.27% (2021: 73.27%) of the group and company's shares. The remaining 26.73% (2021: 26.73%) of the shares are widely held. The group's parent is PZ Cussons (Holdings) Limited (incorporated in the UK) and its global ultimate parent is PZ Cussons Plc.

All intercompany trading balances are settled in cash. There was no provision for doubtful related party receivables at 31 May 2022 (31 May 2021: Nil) and no charges to the income statement in respect of doubtful related party receivables for the years then ended.

The company controls HPZ Limited in which it has controlling interest. This is detailed in Note 9.

The nature of relationship between related parties within the group are set out below:

Name	Nature of relationship
- PZ Cussons (Holdings) Limited	Parent company
- HPZ Limited	Subsidiary
- PZ Cussons International Limited	Fellow subsidiary
- Seven Scent Limited	Fellow subsidiary
- PZ Cussons Singapore Private Limited	Fellow subsidiary
- PZ Cussons Indonesia	Fellow subsidiary
- PZ Cussons (Thailand) Limited	Fellow subsidiary
- PZ Cussons India Private Limited	Fellow subsidiary
- Minerva SA Limited, Greece	Fellow subsidiary
- PZ Cussons Ghana Limited	Fellow subsidiary
- PZ Cussons East Africa Limited	Fellow subsidiary
- Nutricima Limited	Fellow subsidiary
- Harefield Industrial Nigeria Limited	Fellow subsidiary
- PZ Wilmar Limited	Fellow subsidiary
- PZ Wilmar Food Limited	Fellow subsidiary
- PZ Coolworld Limited	Fellow subsidiary

Notes to the consolidated and separate financial statements

34.2 Transactions with related parties

Purchase of goods and services

	Group		Company	
	2022	2021	2022	2021
<i>In thousands of naira</i>				
Purchases of goods from joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (parent company)**:				
- Seven Scent Limited	2,621,289	2,056,606	2,621,289	2,056,606
- PZ Cussons Singapore Private Limited	25,378,294	12,432,468	7,960,281	5,190,450
- PZ Cussons Indonesia	424	5,330	424	5,330
- PZ Cussons Thailand	29,565	9,508	29,565	9,508
- PZ Wilmar Limited	7,984,723	3,730,589	7,984,723	3,730,589
	36,014,295	18,234,501	18,596,282	10,992,483

	Group		Company	
	2022	2021	2022	2021
<i>In thousands of naira</i>				
Purchases of goods from joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (parent company)**:				
- R& D Support - PZ Cussons International Limited	588,013	509,534	588,013	509,534
- Technical Knowhow fees - PZ Cussons International Limited	1,764,039	1,414,362	1,764,039	1,414,362
- Trade Mark - PZ Cussons International Limited	294,006	361,955	294,006	361,955
	2,646,058	2,285,851	2,646,058	2,285,851
Recharge of services from PZ Cussons (Holdings) Limited (parent company)				
- Global shared services support	3,254,113	2,863,033	1,447,276	1,579,200
Total	41,914,466	23,383,385	22,689,616	14,857,534

Sales of goods				
- PZ Cussons Ghana Limited	3,108,278	3,561,859	3,108,278	3,561,859
	3,108,278	3,561,859	3,108,278	3,561,859

Recharge of service cost recovery- Distribution fees:				
- HPZ Limited (Subsidiary)	-	-	3,410,761	2,834,081
- Harefield Industrial Nigeria Limited	799,364	552,149	799,364	552,149
- Nutricima Limited	-	519,001	-	519,001
- PZ Coolworld Limited	12,212	31,819	12,212	31,819
- PZ Wilmar Food Limited	-	49,461	-	49,461
Sub -total A	811,576	1,152,430	4,222,337	3,986,511

Recharge of local shared services by PZ Cussons Nigeria Plc				
- HPZ Limited (Subsidiary)	-	-	3,242,525	2,767,736
- Harefield Industrial Nigeria Limited	759,936	539,223	759,936	539,223
- Nutricima Limited	-	551,442	-	551,442
- PZ Coolworld Limited	11,610	31,074	11,610	31,074
- PZ Wilmar Food Limited	-	3,712	-	3,712
Sub -total B	771,546	1,125,451	4,014,071	3,893,187

Net Recharge/Recovery of service cost (A-B)	40,030	26,978	208,266	93,323
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Total	3,148,308	3,588,837	3,316,544	3,655,182
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Notes to the consolidated and separate financial statements

34.2 Transactions with related parties (cont'd)

Key management personnel compensation

Key management have been determined as directors (executive and non-executive) and the chairman. Details of their compensation is as shown in Note 31. No loans were advanced to any key personnel management during the year.

Year-end balances arising from sales/purchases of goods and services

	Group		Company	
	2022	2021	2022	2021
<i>In thousands of naira</i>				
Due to:				
- Subsidiaries of PZ Cussons Nigeria Plc				
- HPZ Limited	-	-	4,157,648	6,590,201
Sub Total	-	-	4,157,648	6,590,201
- Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited UK **				
- PZ Cussons International Limited	19,230,088	13,051,863	19,195,787	13,018,168
- Seven Scent Limited	4,614,083	2,125,347	4,614,083	2,125,347
- PZ Cussons Singapore Private Limited	17,477,548	4,447,927	5,999,410	2,027,390
- PZ Cussons (Holdings) Limited	941,902	269,115	941,902	269,115
- PZ Cussons Indonesia	-	4,242	-	4,242
- PZ Cussons (Thailand) Limited	9,751	9,762	9,751	9,762
- Nutricima Limited	-	1,793,839	-	1,793,839
- Harefield Industrial Nigeria Limited	1,240,386	2,359,499	1,240,386	2,359,499
- PZ Wilmar Limited	241,860	122,383	241,860	-
- PZ Coolworld Limited	-	-	-	-
Sub Total	43,755,618	24,183,977	32,243,179	21,607,362
Total	43,755,618	24,183,977	36,400,827	28,197,563
Due from:				
- Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited UK **				
- PZ Cussons Ghana Limited	724,648	548,397	724,648	548,397
- Harefield Industrial Nigeria Limited	-	637,139	-	-
- PZ Coolworld Limited	-	106,643	-	106,643
- PZ Wilmar Limited	565,982	649,513	565,982	649,513
Total	1,290,630	1,941,692	1,290,630	1,304,553

Balances arising from sales/purchases of goods and services are revolving balances settled within 30 days after the end of the month.

Balances arising from short term cash advances due from related parties:

	Group		Company	
	2022	2021	2022	2021
<i>In thousands of naira</i>				
- Subsidiaries of PZ Cussons Nigeria Plc				
- HPZ Limited	-	-	-	5,368,797
Joint ventures of PZ Cussons				
- PZ Wilmar Limited	-	5,000,000	-	5,000,000
	-	5,000,000	-	10,368,797

** Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited, UK

The entities categorized as Joint Ventures and subsidiaries of PZ Cussons (Holdings) Limited, UK are:

Local entities: Nutricima Limited, Harefield Industrial Nigeria Limited, PZ Coolworld Limited, PZ Wilmar Limited and PZ Wilmar Food Limited.

Foreign entities: PZ Cussons International Limited, PZ Cussons Singapore Private Limited, PZ Cussons (Thailand) Limited, PZ Cussons Ghana Limited, PZ Cussons East Africa Limited, PZ Cussons Mesa, PZ Cussons Indonesia, PZ Cussons India Private Limited and Seven Scent Limited.

PZ Cussons Foundation

PZ Cussons Foundation is not a related party within the definition of IAS 24. The Foundation was established in 2007 to improve the quality of life of people living in Nigeria especially in areas around our operations across the country by building roads, schools, health centres, sport facilities, providing portable water, etc. As a corporate social responsibility outfit, its affairs is managed by a Board of trustees who are responsible for the delivery of the Foundation objectives. During the year, donation from PZ Cussons Nigeria Plc to the Foundation amounted to N50m (2021:N50m). However, the Foundation is at liberty to receive donations from other sources. Disclosure made in this section is on voluntary basis in the interest of transparency.

Notes to the consolidated and separate financial statements

35 Interest on advances from related entities and short-term borrowings from banks

During the year, the Group and company obtained and gave short-term advances at 6% p.a. from and to related parties. The advances have been fully liquidated at 2022 and 2021 year end and they are not included in the closing balances of the amount due to and the amount due from related parties by the company and the group. These advances were drawn down or disbursed in various amounts and did not run throughout the twelve months duration of the financial years ended 31 May 2022 and 31 May 2021.

The Group and company incur interest cost arising from short-term advances from related parties. For such nature of transaction, the Group did not incur any interest cost during the year (2021: N62.8 million), likewise for company (2021: N6.4 million). During the year also, Group earned interest income on short-term advances given to related parties amounting to N239.9 million (2021: N171.5 million) while that of the Company amounted to N407.2 million (2021: N351.8 million) respectively. All interest from subsidiary have been eliminated on consolidation. The un-eliminated interest income and interest expense on consolidation relates to interest earned and interest paid on transactions with other related parties (i.e. Nutricima Limited, Harefield Industrial Nigeria Limited, PZ Coolworld Limited and PZ Wilmar Limited) and to parties outside of the PZ Cussons Nigeria Plc Group.

In thousands of naira	Group		Company	
	2022	2021	2022	2021
Interest paid to related companies				
Nutricima Limited	-	(62,817)	-	(6,422)
	-	(62,817)	-	(6,422)
Interest paid to banks	(8,939)	(8,663)	(1,959)	(5,907)
Total interest Cost	(8,939)	(71,480)	(1,959)	(12,329)
Interest earned from related companies				
PZ Coolworld Limited	-	61,955	-	61,955
HPZ Limited	-	-	167,319	182,688
Harefield Industrial Nigeria Limited	-	4,353	-	1,947
PZ Wilmar Limited	239,910	105,205	239,910	105,205
	239,910	171,513	407,229	351,795
Interest earned from banks	596,234	67,050	525,813	56,244
Total Interest income	836,144	238,563	933,042	408,039
Net finance Income	827,203	167,083	931,083	395,710

Notes to the consolidated and separate financial statements

36 Dividends

Amounts recognised as dividends to ordinary shareholders in the year:

Dividend for the year ended 31 May 2021 was paid during the year ended 31 May 2022 while dividend for the year ended 31 May 2020 was paid during the year ended 31 May 2021. This is consistent with the group's policy of recognising dividend as a liability in the period it is approved by the shareholders.

As disclosed in Note 23, a dividend in respect of the year ended 31 May 2022 of N1.01 kobo per share amounting to N4 billion was recommended at the board meeting held on 13 October 2022 subject to the approval of the shareholders at the Annual General Meeting of the Company. The board recommended this dividend from gains earned from the disposal of certain assets on which capital gains tax has been paid to the relevant tax authority. No provision for the dividend is recognised in the financial statements for the year then ended because, dividend is recognised as a liability in the period it is approved by shareholders. Accordingly, there is no provision for the dividend in these financial statements.

37 Board changes

Company recently notified the public of the retirement of Mr. E. Ebi effective 27 January 2022 while the Company appointed Mr Kevin Massie and Mr Duncan Anniss as a Non Executive Director effective 25 March 2022.

38 Other income - Profit from sale of factory premises situated at Ikorodu, Lagos State

During the financial year, non-core residential properties in Ikoyi, Lagos were disposed in line business simplification strategy. The properties are 5A & 5B Gerrard road, 5 Osborne road and 38 Cameron road. The profit realised from the property sales amounted to N8.86 billion.

39 Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of The Exchange 2015 (Issuers' Rule), PZ Cussons Nigeria Plc maintains a Security Trading Policy (Policy) which guides Directors, Audit Committee members, employees and all individuals categorized as insiders in relation to their dealings in the Company's shares. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the Policy during the period.

40 Events after reporting date

There are no significant subsequent events, which could have had a material effect on the financial statements of the Company as at 31 May 2022 that have not been adequately provided for or disclosed in the financial statements.

40.1 Dividend declared with respect to year ended 31 May 2022

A dividend in respect of the year ended 31 May 2022 of N1.01 kobo per share amounting to N4 billion was recommended at the board meeting held on 13 October 2022. The board recommended this dividend from gains earned from the disposal of certain assets on which Capital Gains Tax has been paid to the relevant tax authority. No provision for the dividend is recognised in the financial statements for the year then ended because, dividend is recognised as a liability in the period it is approved by shareholders.

Except as disclosed above, there are no other significant events which could have a material effect on the financial position of the Company as at 31 May 2022, and its financial performance for the year then ended, that have not been adequately provided for or disclosed in these financial statements

Notes to the consolidated and separate financial statements

40.2 Loan received from related Party

PZ Cussons Nigeria Plc received about USD40.26 million from PZ Cussons (Holding) Limited, UK, in July 2022 based on the agreement signed in June 2022. The facility is non-interest bearing. See key clause on this below:

‘The Loan shall, for as long as the Borrower is not in breach of this Agreement, without a Force Majeure Event be free of all interest and all other charges’. This is shareholder’s long term loan.

Other national disclosures

Value added statement

	Group				Company			
	2022	%	2021 Restated	%	2022	%	2021 Restated	%
<i>In thousands of naira</i>								
Revenue	99,503,320		82,577,540		58,264,660		47,832,559	
Other income	9,412,353		2,077,916		9,518,973		2,224,638	
Interest income	836,144		238,563		933,042		408,039	
Brought-in-materials and services:								
- Imported	(64,009,090)		(51,160,066)		(41,578,954)		(31,177,307)	
- Local	(25,620,495)		(20,896,365)		(14,025,470)		(9,845,466)	
Value added	20,122,233	100	12,837,588	100	13,112,252	100	9,442,463	100
Applied as follows:								
To pay employees:								
- Salaries, wages and other benefits	7,528,781	37%	6,708,019	52%	5,884,694	45%	5,151,711	55%
To pay government:								
- Income and education taxes	3,046,668	15%	1,390,807	11%	1,539,151	12%	1,216,905	13%
To pay providers of capital:								
- Interest cost	8,939	0%	71,480	1%	1,959	0%	12,329	0%
Retained for replacement of assets and business growth:								
- Deferred taxation	262,031	1%	21,051	0%	(447,637)	-3%	(484,634)	-5%
- Depreciation	2,329,868	12%	2,595,617	20%	2,132,763	16%	2,409,494	26%
- Depreciation - Right-of-use-asset	140,658	1%	164,948	1%	111,707	1%	129,123	1%
- Amortization (Intangible assets)	105,962	1%	105,962	1%	105,962	1%	105,962	1%
- Non controlling interest	729,210	4%	219,847	2%	-	-	-	-
Profit attributable to equity Profit holders of equity	5,970,115	30%	1,559,857	12%	3,783,652	29%	901,573	10%
	20,122,233	100%	12,837,588	100%	13,112,252	100%	9,442,463	100%

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

This report is not prepared under IFRS. Instead it has been prepared in compliance with the Companies and Allied Matters Act of Nigeria, 2020 as amended.

**Five Year Financial Summary
Group**

<i>In thousands of naira</i>	2022	2021 Restated	2020 Restated	2019 Restated	2018
Statement of financial position:					
Non-current assets	19,088,568	26,730,823	28,704,103	29,238,544	31,369,077
Current assets	89,793,126	60,614,048	49,329,595	49,757,715	57,246,893
Assets held for sale	590,990	-	-	-	-
Total asset	109,472,684	87,344,871	78,033,698	78,996,259	88,615,970
Equity attributable to equity holders of parent	34,165,079	28,923,439	27,760,630	37,817,407	42,161,471
Non-controlling interest	3,574,752	2,845,542	2,625,695	3,083,438	2,947,118
Non-current liabilities	5,654,331	6,164,221	6,718,819	7,020,573	2,525,349
Current liabilities	66,078,522	49,411,669	40,928,554	31,074,841	40,982,032
Total equity and liabilities	109,472,684	87,344,871	78,033,698	78,996,259	88,615,970
<i>In thousands of naira</i>	2022	2021 Restated	2020 Restated	2019 Restated	2018
Turnover	99,503,320	82,577,540	66,992,561	74,336,468	80,552,808
Profit / (Loss) before taxation	10,008,025	3,191,562	(7,938,652)	1,942,447	2,313,509
Profit / (Loss) after taxation (attributable to owners of the company)	5,970,115	1,559,857	(7,208,211)	(2,505,908)	1,845,214
Per 50K Share					
Earnings/(Loss) per share (Naira)	1.50	0.39	(1.74)	(0.63)	0.46
Net assets per share (Naira)	8.57	8.70	8.38	10.30	10.62

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

This report is not prepared under IFRS. Instead it has been prepared in compliance with the Companies and Allied Matters Act of Nigeria, 2020.

Five Year Financial Summary

Company

<i>In thousands of naira</i>	2022	2021 Restated	2020 Restated	2019 Restated	2018
Statement of financial position:					
Non-current assets	17,930,314	24,670,721	26,084,725	27,240,922	30,255,829
Current assets	61,354,231	44,697,987	31,532,097	35,159,182	44,320,290
Assets held for sale	590,990	-	-	-	-
Total asset	<u>79,875,535</u>	<u>69,368,708</u>	<u>57,616,822</u>	<u>62,400,104</u>	<u>74,576,119</u>
Equity attributable to equity holders of parent	23,872,147	20,816,970	20,312,446	28,996,665	33,750,379
Non-controlling interest	-	-	-	-	-
Non-current liabilities	5,392,049	5,874,032	6,390,999	6,944,253	3,666,010
Current liabilities	50,611,339	42,677,706	30,913,377	26,459,186	37,159,730
Total equity and liabilities	<u>79,875,535</u>	<u>69,368,708</u>	<u>57,616,822</u>	<u>62,400,104</u>	<u>74,576,119</u>
<i>In thousands of naira</i>	2022	2021 Restated	2020 Restated	2019 Restated	2018
Turnover	58,264,660	47,832,559	38,939,223	47,200,919	58,483,029
Profit/(Loss) before taxation	4,875,166	1,633,844	(6,346,857)	1,127,391	1,736,740
Profit/(Loss) after taxation (attributable to owners of the company)	3,783,652	901,573	(5,936,025)	(2,938,973)	1,630,557
Per 50K Share					
(Loss)/Earnings per share (Naira)	<u>0.95</u>	<u>0.23</u>	<u>(1.50)</u>	<u>(0.74)</u>	<u>0.41</u>
Net assets per share (Naira)	<u>6.01</u>	<u>5.24</u>	<u>5.70</u>	<u>7.30</u>	<u>8.50</u>

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.

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