

PZ CUSSONS NIGERIA PLC

Q2, 2019/20 UNAUDITED FINANCIAL STATEMENTS

(HALF YEAR ENDED, 30 NOVEMBER 2019)

PZ Cussons Nigeria Plc

Q2, 2019/20 unaudited financial statement for 6 months ended 30 November 2019

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Consolidated and separate statement of profit or loss and other comprehensive income
for the Second Quarter(Three months) ended 30 November 2019

	Q2, 2020 Ended Nov 30, 2019 N'000	Q2, 2019 Ended Nov 30, 2018 N'000
Continuing operations		
Revenue	18,138,783	19,156,241
Cost of sales	(15,059,317)	(14,861,301)
Gross profit	3,079,466	4,294,940
Selling and distribution costs	(2,340,865)	(2,870,509)
Administrative expenses	(1,213,469)	(88,326)
Operating profit	(474,867)	1,336,105
Other income	49,112	31,232
Foreign exchange gain/(loss)	13,104	143,402
Interest income	98,376	127,748
Interest cost	(170,185)	(83,381)
Net finance cost	(71,809)	44,367
Profit/(Loss) before taxation	(484,460)	1,555,106
Taxation	-	(129,100)
Profit/(Loss) after taxation	(484,460)	1,426,006
Attributable to:		
Equity holders of the parent	(452,139)	1,359,641
Non controlling interest	(32,321)	66,365
	-	-
Basic EPS (kobo)	(12)	36
Diluted EPS (kobo)	(12)	36

PZ Cussons Nigeria Plc

Q2, 2019/20 unaudited financial statement for 6 months ended 30 November 2019

FINANCIAL RATIOS	6 Months Ended 30 Nov 2019	3 Months Ended 30 Nov 2018	3 Months Ended 30 Nov 2017
Gross Margin	17%	25%	30%
Operating margin	(4%)	5%	9%
Net Profit margin	(5%)	3%	1%
Current Ratio	1.5	1.6	1.4
Quick Ratio (Acid test)	0.7	0.7	0.8
NWC	17,111.8	18,864.4	18,225.5
Accounts Receivable Turnover (Sales/Average AR)	2.9	3.5	5.0
Debtors Days	61.1	51.6	35.9
Inventory Turnover (CoGS/Ave Inventory)	1.0	1.0	1.1
Stock Days	178.2	187.5	171.1
EPS (N)	(0.40)	0.31	0.15

PZ Cussons Nigeria Plc

Q2, 2019/20 unaudited financial statement for 6 months ended 30 November 2019

Financial Highlights	2ND QTR ENDED 30 NOV 2019 N'000	2ND QTR ENDED 30 NOV 2018 N'000
Net Profit/loss	(1,580,277)	1,221,368
	2ND QTR ENDED 30 NOV 2019 N'000	YEAR ENDED 31 MAY 2019 N'000
Networking capital	17,111,790	18,864,396
Capital Employed	78,524,480	79,936,740
Authorised share capital	2,000,000	2,000,000
Issued & Fully paid:	-	-
Share capital	1,985,238	1,985,238
Share premium	6,878,269	6,878,269
Other reserves	31,776,319	33,797,232
Shareholders Fund	43,736,564	45,752,288

PZ Cussons Nigeria Plc

Q2, 2019/20 unaudited financial statement for 6 months ended 30 November 2019

Consolidated and separate statement of profit or loss and other comprehensive income for the Second Quarter ended 30 November 2019

	The Group			The Company		
	Q2, 2019/20	Q2, 2018/19	%	Q2, 2019/20	Q2, 2018/19	%
	Total N'000	Total N'000	%Change	Total N'000	Total N'000	Change
Continuing operations						
Revenue	33,947,133	35,051,823	(3.2)	20,239,518	23,516,720	(13.9)
Cost of sales	(28,153,896)	(26,224,363)	7.4	(16,409,663)	(17,233,901)	(4.8)
Gross profit	5,793,237	8,827,460	(34.4)	3,829,855	6,282,819	(39.0)
Selling and distribution costs	(4,626,215)	(5,117,660)	(9.6)	(3,026,668)	(3,732,027)	(18.9)
Administrative expenses	(2,666,726)	(1,988,280)	34.1	(2,626,292)	(1,689,220)	55.5
Operating profit	(1,499,704)	1,721,520	(187.1)	(1,823,105)	861,572	(311.6)
Other income	87,778	59,257	48.1	158,064	129,543	22.0
Foreign exchange gain/(loss)	(50,722)	(524,970)	(90.3)	(31,322)	(358,848)	(91.3)
Interest income	176,038	190,449	(7.6)	202,181	251,432	(19.6)
Interest cost	(293,668)	(95,788)	206.6	(180,249)	(45,101)	299.7
Net finance cost	(117,630)	94,661	(224.3)	21,932	206,331	(89.4)
Profit/(Loss) before taxation	(1,580,277)	1,350,468	217.0	(1,674,430)	838,598	299.7
Taxation	-	(129,100)	(100.0)	-	(129,100)	(100.0)
Profit/(Loss) after taxation	(1,580,277)	1,221,368	229.4	(1,674,430)	709,498	336.0
Attributable to:						
Equity holders of the parent	(1,585,466)	1,093,349	245.0	(1,674,430)	709,498	336.0
Non controlling interest	5,189	128,019	95.9			
Basic EPS (kobo)	(40)	31		(42)	18	
Diluted EPS (kobo)	(40)	31		(42)	18	

Consolidated and separate statement of financial position as at 30 November 2019

	Notes	The Group		The Company	
		Q2, 2019/20	2018/19	Q2, 2019/20	2018/19
		N'000	N'000	N'000	N'000
Assets					
Non-current assets					
Property, plant and equipment	1a	27,210,700	27,340,861	25,624,536	25,858,961
Intangible Assets	1b	794,714	847,694	794,714	847,694
Investments in subsidiaries	2	-	-	504,406	504,406
Other long-term receivables	3	1,960,610	1,990,470	1,915,572	1,945,433
		29,966,023	30,179,025	28,839,228	29,156,494
Current assets					
Inventories	4	27,158,945	28,599,056	16,386,565	19,168,436
Trade and other receivables	5a, b & c	15,537,923	15,165,786	9,409,057	11,493,076
Other assets	6	1,530,334	1,270,003	1,169,626	920,003
Deposits for imports	7	330,736	2,204,023	330,736	1,590,536
Cash and cash equivalents	8	4,000,519	2,518,847	3,167,474	1,987,131
		48,558,457	49,757,715	30,463,458	35,159,182
Total assets		78,524,480	79,936,740	59,302,686	64,315,676
Equity					
Ordinary share capital	9	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		31,776,319	33,797,232	22,843,198	24,953,075
Equity attributable to equity holders of the company		40,639,826	42,660,739	31,706,705	33,816,582
Non controlling interest		3,096,738	3,091,549	-	-
Total equity		43,736,564	45,752,288	31,706,705	33,816,582
Liabilities					
Non-current liabilities					
Deferred taxation	13	3,214,813	3,214,813	4,221,430	4,221,430
Provisions	14	126,436	76,320	-	-
		3,341,249	3,291,133	4,221,430	4,221,430
Current liabilities					
Bank Overdrafts	8	-	-	-	-
Trade and other payables	11	31,295,107	30,517,298	23,372,271	26,084,671
Current taxation payable	12	2,280	192,993	2,280	192,993
Provisions	14	149,280	183,028	-	-
		31,446,667	30,893,319	23,374,551	26,277,664
Total liabilities		34,787,916	34,184,452	27,595,981	30,499,094
Net equity and liabilities		78,524,480	79,936,740	59,302,686	64,315,676

The Second quarter(Q2, 2019/20) unaudited financial statements were approved and authorised for issue by the board of directors on December 2019 and sign on its behalf by:

Mr. Christos Giannopoulos
Chief Executive officer
FRC/2013/IODN/00000004206

Mr. Evans Eghosa Enabulele
Acting Group Financial Controller
FRC/2017/ICAN/00000017126

The notes on pages 8 to 15 are an integral part of these financial statements

Consolidated and separate statement of changes in equity

	The Group					Total N'000
	Attributable to owners of the company					
	Share capital N'000	Share premium N'000	Retained earnings N'000	Non controlling interest N'000	Revaluation reserve	
At 1 June 2018	1,985,238	6,878,269	33,297,964	2,947,118	-	45,108,589
(Loss)/Profit for the year	-	-	1,011,420	144,431	-	1,155,851
Total comprehensive income for the year	-	-	1,011,420	144,431	-	1,155,851
Transactions with owners:						-
Dividend paid relating to year ended 31 May 2017			(595,572)			(595,572)
Unclaimed dividend forfeited			83,420			83,420
Total transaction with owners	-	-	(512,152)	-		(512,152)
At 31 May 2019	1,985,238	6,878,269	33,797,232	3,091,549	-	45,752,288
At 1 June 2019	1,985,238	6,878,269	33,797,232	3,091,549	-	45,752,288
Profit for the period	-	-	(1,585,466)	5,189	-	(1,580,277)
Total comprehensive income for the period	-	-	(1,585,466)	5,189	-	(1,580,277)
Transactions with owners:						-
Dividend paid relating to year ended 31 May 2019			(595,572)			(595,572)
Unclaimed dividend forfeited			160,125			160,125
Total transaction with owners	-	-	(435,447)	-		(435,447)
At 30 November 2019	1,985,238	6,878,269	31,776,319	3,096,738	-	43,736,564

At 1 June 2018	1,985,238	6,878,269	33,297,964	2,947,118	-	45,108,589
Profit for the period	-	-	1,093,349	128,019	-	1,221,368
Total comprehensive income for the period	-	-	1,093,349	128,019	-	1,221,368
Transactions with owners:						-
Dividend paid relating to year ended 31 May 2018			(595,572)	-		(595,572)
Total transaction with owners	-	-	(595,572)	-		(595,572)
At 30 November 2018	1,985,238	6,878,269	33,795,741	3,075,137	-	45,734,385

	Company					Total N'000
	Attributable to owners of the company					
	Share capital N'000	Share premium N'000	Retained earnings N'000	Non controlling interest N'000	Revaluation reserve	
At 1 June 2018	1,985,238	6,878,269	24,886,872	-	-	33,750,379
Profit for the year	-	-	578,355	-	-	578,355
Total comprehensive income for the year	-	-	578,355	-	-	578,355
Transactions with owners:						
Dividend paid relating to year ended 31 May 2018			(595,572)			(595,572)
Unclaimed dividend forfeited			83,420			83,420
Total transaction with owners	-	-	(512,152)	-	-	(512,152)
At 31 May 2019	1,985,238	6,878,269	24,953,075	-	-	33,816,582
At 1 June 2019	1,985,238	6,878,269	24,953,075	-	-	33,816,582
Loss for the year	-	-	(1,674,430)	-	-	(1,674,430)
Total comprehensive income for the year	-	-	(1,674,430)	-	-	(1,674,430)
Transactions with owners:						
Dividend paid relating to year ended 31 May 2019			(595,572)			(595,572)
Unclaimed dividend forfeited			160,125			160,125
Total transaction with owners	-	-	(435,447)	-	-	(435,447)
At 30 November 2019	1,985,238	6,878,269	22,843,198	-	-	31,706,705
At 1 June 2018	1,985,238	6,878,269	24,886,872	-	-	33,750,379
Loss for the year	-	-	709,498	-	-	709,498
Total comprehensive income for the year	-	-	709,498	-	-	709,498
Transactions with owners:						
Dividend paid relating to year ended 31 May 2018			(595,572)			(595,572)
Total transaction with owners	-	-	(595,572)	-	-	(595,572)
At 30 November 2018	1,985,238	6,878,269	25,000,798	-	-	33,864,305

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	Notes	The Group			The Company		
		Q2 2019/20 N'000	Q2 2018/19 N'000	Year End 2018/19 N'000	Q2 2019/20 N'000	Q2 2018/19 N'000	Year End 2018/19 N'000
Cash flows from operating activities							
Cash generated from operations	15	2,815,410	(6,148,005)	(9,290,996)	2,121,782	(5,691,404)	(8,313,244)
Taxation		-	(106,432)	(156,442)	(441)	(167,969)	(156,442)
Net cash flow generated from operating activities		2,815,410	(6,254,437)	(9,447,438)	2,121,341	(5,859,373)	(8,469,686)
Cash flows from investing activities							
Interest received		176,038	190,449	294,997	202,181	251,432	393,512
Purchase of property, plant and equipment	4	(1,056,939)	(622,931)	(1,454,385)	(803,761)	(603,158)	(1,325,421)
Purchase of Intangible assets		-	-	-	-	-	-
Net cash used in investing activities		(880,901)	(432,482)	(1,159,388)	(601,580)	(351,726)	(931,909)
Cash flows from financing activities							
Interest Expense		(293,668)	(95,788)	(304,027)	(180,249)	(45,101)	(175,868)
Dividends paid to Company shareholders		(159,169)	(595,572)	(595,572)	(159,169)	(595,572)	(595,572)
Dividends paid to Non controlling interests		-	-	-	-	-	-
Net cash flow used in financing activities		(452,837)	(691,360)	(899,599)	(339,418)	(640,673)	(771,440)
Net increase in cash, cash equivalents and bank overdrafts		1,481,672	(7,378,280)	(11,506,425)	1,180,343	(6,851,772)	(10,173,035)
Cash, cash equivalents and bank overdrafts at the beginning of the year		2,518,847	14,025,272	14,025,272	1,987,131	12,160,166	12,160,166
Cash, cash equivalents and bank overdrafts at the end of the year		4,000,519	6,646,992	2,518,847	3,167,474	5,308,394	1,987,131

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Q2, 2019/20 unaudited financial statement for 6 months ended 30 November 2019

1a Property, plant and equipment

The Group						
Otr 2, 2019/20						
Cost	Leasehold land and buildings	Plant and Machinery	Furniture, fittings and IT equipment	Motor vehicles	Capital Work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 June 2019	19,542,829	24,841,301	3,408,183	569,010	1,257,060	49,618,383
Additions					1,056,939	1,056,939
Reclassifications		96,402	31,314		(127,716)	-
At 30 November 2019	19,542,829	24,937,703	3,439,497	569,010	2,186,283	50,675,322
Depreciation						
At 1 June 2019	3,840,414	15,341,101	2,526,997	569,010	-	22,277,522
Charge for the year	181,469	839,224	166,407	-	-	1,187,100
At 30 November 2019	4,021,883	16,180,325	2,693,404	569,010	-	23,464,622
Net book values						
At 30 November 2019	15,520,946	8,757,378	746,093	-	2,186,283	27,210,700
2018/19						
Cost	Leasehold land and buildings	Plant and Machinery	Furniture, fittings and IT equipment	Motor vehicles	Capital Work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 June 2018	19,493,538	22,773,437	3,218,554	569,010	2,109,459	48,163,998
Additions	-	-	-	-	1,454,385	1,454,385
Transfers	49,291	2,067,864	189,629	-	(2,306,784)	-
At 31 May 2019	19,542,829	24,841,301	3,408,183	569,010	1,257,060	49,618,383
Depreciation						
At 1 June 2018	3,479,648	13,556,901	2,130,280	566,840		19,733,669
Charge for the year	360,766	1,784,200	396,717	2,170		2,543,853
At 31 May 2019	3,840,414	15,341,101	2,526,997	569,010	-	22,277,522
Net book values						
At 31 May 2019	15,702,415	9,500,200	881,186	-	1,257,060	27,340,861
At 31 May 2018	16,013,890	9,216,536	1,088,274	2,170	2,109,459	28,430,329

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The Company						
Otr 2, 2019/20						
Cost	Leasehold land and buildings	Plant and Machinery	Furniture, fittings and IT equipment	Motor vehicles	Capital Work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 June 2019	19,025,340	23,181,966	3,150,283	485,561	1,156,339	46,999,489
Additions	-	-	-	-	803,761	803,761
Reclassifications	-	96,402	31,314	-	(127,716)	-
Intercoy transfers	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
At 30 November 2019	19,025,340	23,278,368	3,181,597	485,561	1,832,384	47,803,250
Depreciation						
At 1 June 2019	3,796,490	14,548,629	2,309,848	485,561	-	21,140,528
Charge for the year	175,343	704,231	158,612	-	-	1,038,186
Intercoy transfers	-	-	-	-	-	-
On disposals	-	-	-	-	-	-
At 30 November 2019	3,971,833	15,252,860	2,468,460	485,561	-	22,178,714
Net book values						
At 30 November 2019	15,053,507	8,025,508	713,137	-	1,832,384	25,624,536
2018/19						
Cost	Leasehold land and buildings	Plant and Machinery	Furniture, fittings and IT equipment	Motor vehicles	Capital Work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 June 2018	18,977,049	21,162,768	2,995,347	485,561	2,053,343	45,674,068
Additions	-	-	-	-	1,325,421	1,325,421
Reclassification	48,291	2,019,198	154,936	-	(2,222,425)	-
At 31 May 2019	19,025,340	23,181,966	3,150,283	485,561	1,156,339	46,999,489
Depreciation						
At 1 June 2018	3,446,093	12,935,530	1,924,689	485,561	-	18,791,873
Charge for the year	350,397	1,613,099	385,159	-	-	2,348,655
Intercompany Transfers write offs	-	-	-	-	-	-
On disposals	-	-	-	-	-	-
At 31 May 2019	3,796,490	14,548,629	2,309,848	485,561	-	21,140,528
Net book values						
At 31 May 2019	15,228,850	8,633,337	840,435	-	1,156,339	25,858,961
At 31 May 2018	15,530,956	8,227,238	1,070,658	-	2,053,343	26,882,195

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Notes to the financial statements

1b Intangible asset

	The Group			The Company		
	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000
Cost						
Opening Balance	1,059,618	1,059,618	1,017,337	1,059,618	1,059,618	1,017,337
Additions			42,281			42,281
Opening Balance	1,059,618	1,059,618	1,059,618	1,059,618	1,059,618	1,059,618
Accumulated Amortizations						
Opening Balance	(211,924)	(105,962)		(211,924)	(105,962)	
Charge for the year	(52,980)	(105,962)	(105,962)	(52,980)	(105,962)	(105,962)
Closing charge	(264,904)	(211,924)	(105,962)	(264,904)	(211,924)	(105,962)
Carrying amount						
	794,714	847,694	953,656	794,714	847,694	953,656

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

2 Investments in subsidiaries

	The Company		
	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000
At 31 August	504,406	504,406	504,406
Additions	-	-	-
Total	504,406	504,406	504,406

There are no restrictions in transfer of funds within the entities in the group

Principal investments	Investment Amount N'000	Proportion of shares held %	Proportion of shares held by NCI %
HPZ Limited	504,406	74.99	25.01
Total	504,406	74.99	25.01

3 Other long term receivables

Non-current other receivables of N1.96 Billion (2019: N1.99 Billion) represent Prepayments over 12 months, exports rebates receivable and Negotiable Duty Credit Certificates (now called export credit certificates) due from the Government in respect of exports sales made in the past. These were reclassified from current assets to Long-term assets. In 2018, the advances were made to HPZ distributors to aid the development of their businesses specifically tied to the marketing and sales of HPZ products.

	The Group			The Company		
	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000
Advances to HPZ Distributors	-	-	24,483	-	-	-
Prepayments over 1 year	-	29,861	-	-	29,861	-
Export rebates receivables & Export credit certificates	1,960,610	1,960,609	1,960,609	1,915,572	1,915,572	1,915,572
Total	1,960,610	1,990,470	1,985,092	1,915,572	1,945,433	1,915,572

Export grants are accrued for at the rate of 15% of the invoiced value. The weighted eligibility criteria has 4 bands: 15%, 10%, 7.5% and 5%. Approval of the grant is subject to meeting the threshold for the following eligibility criteria: local value added, local content, employment (Nigerians), priority sector, export growth and capital investment.

4 Inventories

	The Group			The Company		
	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000
Raw materials and consumables	7,508,271	9,085,772	11,349,396	7,138,595	9,027,018	11,249,904
Finished goods and goods for resale	11,146,089	11,361,457	8,092,237	5,387,877	6,097,145	5,459,211
Engineering spares and other stocks	2,765,380	2,918,618	2,845,835	2,581,727	2,766,878	2,729,687
Goods in transit	5,739,205	5,233,209	3,752,078	1,278,368	1,277,395	935,667
Total	27,158,945	28,599,056	26,039,546	16,386,565	19,168,436	20,374,469

5a Trade and other receivables

	Group			Company		
	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000
Receivables due within one year:						
Trade receivables	12,193,316	10,845,936	9,253,817	6,010,677	5,654,404	5,266,464
Less: provision for impairment of trade receivables	(1,131,185)	(1,233,054)	(1,126,844)	(796,736)	(871,275)	(772,301)
Net trade receivables	11,062,132	9,612,882	8,126,973	5,213,941	4,783,129	4,494,163
Receivables from subsidiary companies	-	-	-	262,642	1,584,419	-
Receivables from related party companies	2,852,442	3,989,569	4,029,890	2,852,442	3,989,569	3,250,482
WHT credit note receivable	712,020	552,108	-	540,161	439,074	-
Advances to Distributors	75,972	-	106,156	-	-	-
Other receivables	835,357	1,011,227	829,772	539,871	696,885	566,226
Total	15,537,923	15,165,786	13,092,791	9,409,057	11,493,076	8,310,871

5b Advances to distributors

	Group			Company		
	Q2, 2019/20 N'000	Q2, 2018/19 N'000	2017/18 N'000	Q2, 2019/20 N'000	Q2, 2018/19 N'000	2017/18 N'000
Non current portion (Note 5a)	-	-	24,483	-	-	-
Current portion(5a)	-	-	106,156	-	-	-
Total	-	-	130,639	-	-	-

The advances to suppliers were made in respect to the subsidiary entity - HPZ Ltd

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Notes to the financial statements

5c Trade and other receivables continued

	The Group			The Company		
	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000
Movements in the provision for impairment of trade receivables are as follows:						
Opening	(1,233,054)	(1,126,844)	(582,793)	(871,275)	(772,301)	(404,719)
Provision for receivables impairment	101,869	(106,210)	(544,051)	74,539	(98,974)	(367,582)
Receivables written off during the year	-	-	-	-	-	-
Closing	(1,131,185)	(1,233,054)	(1,126,844)	(796,736)	(871,275)	(772,301)

All trade receivables are denominated in Nigerian Naira.

The credit risk of customers is assessed at a 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.

The credit period taken on sales ranges from 30 to 90 days due to the differing nature of trade receivables in the group's segments.

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. Management assesses customers credit applications based on volume of transactions.

6 Other current assets

	The Group			The Company		
	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000
Prepayments	783,540	123,663	195,271	422,832	123,663	149,668
Advance to suppliers	746,794	1,146,340	1,322,244	746,794	796,340	1,322,244
	1,530,334	1,270,003	1,517,515	1,169,626	920,003	1,471,912

7 Deposits for imports

	The Group			The Company		
	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000
Deliverable Forwards			1,969,933			1,767,887
Deposits for Letters of credits	330,736	2,204,023	366,852	330,736	1,590,536	-
	330,736	2,204,023	2,336,785	330,736	1,590,536	1,767,887

Deliverable forwards and 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 and forwards; all related to settlement of invoices emanating from importation of raw materials, spare parts and machinery.

8 Cash and cash equivalents

	The Group			The Company		
	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000
Cash at bank and in hand	4,000,519	2,518,847	14,260,256	3,167,474	1,987,131	12,395,151
Bank Overdrafts	-	-	(234,985)	-	-	(234,985)
Cash and cash equivalents	4,000,519	2,518,847	14,025,271	3,167,474	1,987,131	12,160,166

The short-term borrowing relates to LC finance facility; interest rate being LIBOR + 600bps. There was none as at 30 November 2019. There were no assets pledged as security for the borrowing.

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Notes to the financial statements

9 Ordinary share capital

Group and company	Q2, 2020	
	Number in thousands	Amount N'000
Authorised:		
Ordinary shares of 50k each	4,000,000	2,000,000
Total authorised share capital	4,000,000	2,000,000
Allotted, called up and fully paid:		
Ordinary shares of 50k each	3,970,478	1,985,238
Total called up share capital	3,970,478	1,985,238

Group and company	Full Year 2019	
	Number in thousands	Amount N'000
Authorised:		
Ordinary shares of 50k each	4,000,000	2,000,000
Total authorised share capital	4,000,000	2,000,000
Allotted, called up and fully paid:		
Ordinary shares of 50k each	3,970,478	1,985,238
Total called up share capital	3,970,478	1,985,238

10 Related party transactions

Group and company

The Group and Company are controlled by PZ Cussons (Holdings) Limited, incorporated in the UK, which owns 73.27% (31 May 2019: 73.27%) of the group and company's shares. The remaining 26.73% (31 May 2019: 26.73%) of the shares are widely held. The Group's parent is PZ Cussons (Holdings) Limited (incorporated in the United Kingdom) and its global ultimate parent is PZ Cussons Plc (also incorporated in the United Kingdom).

All intercompany trading balances are settled in cash. There was no provision for doubtful related party receivables at 30 November 2019 (31 May 2019: Nil) and no charges to the income statement in respect of doubtful related party receivables for the years then ended.

The company controls a subsidiary call HPZ Ltd which is domiciled in Nigeria. These are detailed in note 2.

Notes to the financial statements

11 Trade and other payables

	Group			Company		
	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000
Trade payables	1,572,310	3,546,519	2,585,052	1,464,571	2,640,268	2,531,533
Unclaimed Dividend	1,806,420	1,966,545	2,120,565	1,806,420	1,966,545	2,120,565
Accruals	2,379,147	3,176,166	3,164,472	1,710,669	2,343,155	2,413,922
Amounts owed to subsidiaries	0	-	-	1,552,905	6,186,173	4,867,624
Amounts owed to related parties	24,392,839	20,087,395	31,406,909	15,728,024	11,521,223	23,855,218
Sundry creditors	1,144,391	1,740,673	927,851	1,109,682	1,427,307	678,175
Total	31,295,107	30,517,298	40,204,849	23,372,271	26,084,671	36,467,037
	Days	Days	Days	Days	Days	Days
Average credit period taken for trade purchases	90	90	90	90	90	90

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

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Notes to the financial statements

12 Taxation

Current tax payable	Group			Company		
	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000	Q2, 2019/20 N'000	2018/19 N'000	2017/18 N'000
At 1 June	192,993	457,818	2,555,256	192,993	457,708	988,994
Charge for the year	-	(6,384)	363,945	-	(6,384)	400,347
WHT Utilised during the year	(178,697)	(101,999)	(100,725)	(178,697)	(101,889)	(69,906)
Adjustments/ECC utilised	(11,575)	-	-	(11,575)	-	-
Payment during the year	(441)	(156,442)	(2,360,658)	(441)	(156,442)	(861,727)
Closing balance	2,280	192,993	457,818	2,280	192,993	457,708

13 Deferred taxation

The Group

	Property plant and equipment N'000	Provisions N'000	Total N'000
At 1 June 2018	(445,633)	2,867,466	2,421,833
Charge to income statement	792,980	-	792,980
At 31 May 2019	347,347	2,867,466	3,214,813
Adjustments	-	-	-
Charge to income statement	-	-	-
At 30 November 2019	347,347	2,867,466	3,214,813

The Company

	Property plant and equipment N'000	Provisions N'000	Total N'000
At 1 June 2018	2,561,206	1,104,804	3,666,010
Charge to income statement	555,420	-	555,420
At 31 May 2019	3,116,626	1,104,804	4,221,430
Adjustments	-	-	-
Charge to income statement	-	-	-
At 30 November 2019	3,116,626	1,104,804	4,221,430

Certain deferred tax assets and liabilities have been offset in accordance with IAS 12 'Income taxes'. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	The Group N'000	The Company N'000
Deferred tax assets	(1,006,617)	-
Deferred tax liabilities	4,221,430	4,221,430
Group and company	3,214,813	4,221,430

At the statement of financial position date, the group and the company have no unused tax losses available for offset against future profits. There was no offset of deferred tax assets and deferred tax liabilities.

14 Provisions

	The Group		
	Q2, 2020 N'000	Full Year 2019 N'000	Full Year 2018 N'000
Warranty provisions			
Openin Balance	259,348	187,896	271,775
Charged to the income statement	149,280	183,028	84,380
Utilised in the year	(132,912)	(111,576)	(168,259)
Closing Balance	275,715	259,348	187,896
The ageing of the provisions are as follows:	275,715	259,348	187,896
Within 12 months	149,280	183,028	84,380
Greater than 12 months	126,436	76,320	103,516
Total	275,715	259,348	187,896

Warranty provisions

The group generally offers 1- to 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 that might suggest

Factors that could impact the estimated claim information include the success of the group's productivity and quality initiatives, as well as parts and labour costs.

15 Cash generated from operating activities

	Group			Company		
	Q2, 2019/20 N'000	Q2 2018/19 N'000	Year End 2018/19 N'000	Q2, 2019/20 N'000	Q2 2018/19 N'000	Year End 2018/19 N'000
Cash flows from operating activities						
Profit before taxation	(1,580,277)	1,350,468	1,942,447	(1,674,430)	838,598	1,127,391
Adjustment to reconcile net income to cash provided:						
Depreciation	1,187,100	1,362,532	2,543,853	1,038,186	1,267,901	2,348,655
Amortization charge	52,980	52,981	105,962	52,980	52,981	105,962
Prior year Adjustments		129,100			129,100	
(Profit)/loss on disposal of fixed assets			-	-	-	-
Unclaimed dividend forfeited	-		83,420	-	-	83,420
Interest expense	293,668	95,788	304,027	180,249	45,101	175,868
Interest income	(176,038)	(190,449)	(294,997)	(202,181)	(251,432)	(393,512)
	(222,567)	2,800,420	4,684,712	(605,196)	2,082,249	3,447,784
Changes in assets and liabilities						
(Increase)/decrease in trade and other receivables	(342,277)	(7,411,604)	(2,204,856)	2,084,019	(8,096,106)	(1,368,521)
Decrease/(increase) in other assets	(453,324)	495,873	247,512	(251,903)	545,121	551,909
Decrease/(increase) in deposit for imports	1,873,287	655,887	132,763	1,259,800	641,920	177,351
Decrease/(increase) in inventories	1,440,111	(1,510,067)	(2,559,510)	2,781,871	(79,282)	1,206,033
Increase/(decrease) in trade, other payables and provisions	520,179	(1,178,514)	(9,591,617)	(3,146,808)	(785,306)	(12,327,800)
Cash flows from operating activities	2,815,410	(6,148,005)	(9,290,996)	2,121,782	(5,691,404)	(8,313,244)