

PZ CUSSONS NIGERIA PLC

Q2, 2020/21 UNAUDITED FINANCIAL STATEMENTS

(SIX MONTHS ENDED, 30TH NOVEMBER 2020)

PZ Cussons Nigeria Plc
Q2, 2020/21 unaudited financial statement for six months ended 30 November 2020

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PZ Cussons Nigeria Plc

Q2, 2020/21 unaudited financial statement for six months ended 30 November 2020

Corporate information

Board of Directors

Chief (Dr) Kolawole B. Jamodu, CFR	- Chairman, Non - Executive Director (Retired w.e.f 11 December, 2020)
Mr. Gbenga Oyebode	- Chairman, Non - Executive Director (Appointed w.e.f 11 December, 2020)
Mr. L. Batagarawa	- Non - Executive Director (Retired w.e.f 11 December, 2020)
Mr. P. Usoro, SAN	- Non - Executive Director
Mrs. E. Ebi	- Independent Non-Executive Director
Mallam D. Muhammad	- Independent Non-Executive Director
Ms. J. Coker	- Executive Director
Mr G. Sotiropoulos (Greek)	- Executive Director
Mr. Zuber Momoniat	- Executive Director
Mr. Panagiotis Katsis	- Managing Director / Chief Executive Officer

Company Secretary / Legal Adviser

Mrs Jacqueline Ezeokwelum

Registered Office

45/47 Town Planning Way
Ilujeju 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

Results at glance

GROUP					
	2020-21	2020-21	2019-20	2019-20	% Increase/ (Decrease)
	2nd Qtr	6 mths	2nd Qtr	6 mths	
	Ended 30 Nov 2020	Ended 30 Nov 2020	Ended 30 Nov 2019	Ended 30 Nov 2019	
	N'000	N'000	N'000	N'000	
Revenue	18,679,406	37,379,426	18,138,783	33,947,133	10.1
Operating Profit	1,240,812	1,996,256	(474,867)	(1,499,704)	233.1
Profit/(Loss) Before Tax	1,240,676	1,028,318	(484,460)	(1,580,277)	165.1
Taxation	(207,384)	(207,384)	-	-	-
Profit/(Loss) for the period	1,033,292	820,934	(484,460)	(1,580,277)	151.9
Attributable to:					
Owners of the company	1,156,756	850,947	(452,139)	(1,585,466)	153.7
Non-controlling interests	(123,464)	(30,013)	(32,321)	5,189	(678.4)
	1,033,292	820,934	(484,460)	(1,580,277)	151.9
Earnings per share (Kobo)	26	21	(12)	(40)	

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Q2, 2020/21 unaudited financial statement for six months ended 30 November 2020

FINANCIAL RATIOS	6 Months	6 Months	6 Months
	Ended 30 Nov 2020	Ended 30 Nov 2019	Ended 30 Nov 2018
Gross Margin	27%	17%	25%
Operating margin	5%	-4%	5%
Net Profit margin	2.2%	-5%	3%
Current Ratio	1.3	1.3	1.6
Quick Ratio (Acid test)	0.8	0.6	0.7
NWC	13,275.3	11,233.4	18,864.4
Accounts Receivable Turnover (Sales/Average AR)	5.0	3.8	3.5
Debtors Days	36.1	47.1	51.6
Inventory Turnover (CoGS/Ave Inventory)	1.1	1.0	1.0
Stock Days	160.9	175.4	187.5
EPS (N)	0.21	(0.40)	0.31

PZ Cussons Nigeria Plc

Q2, 2020/21 unaudited financial statement for six months ended 30 November 2020

Financial Highlights	1ST QTR ENDED 30 NOV 2020 N'000	1ST QTR ENDED 30 NOV 2019 N'000
Net Profit/loss	820,934	(1,580,277)
Networking capital	13,275,267	11,233,410
Capital Employed	82,885,680	78,451,137
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	23,774,112	22,923,165
Shareholders Fund	35,380,887	34,559,954

PZ Cussons Nigeria Plc

Q2, 2020/21 unaudited financial statement for six months ended 30 November 2020

Consolidated and separate statement of profit or loss and other comprehensive income for the Second Quarter ended 30 November 2020

	The Group			The Company		
	Q2, 2020/21 Total N'000	Q2, 2019/20 Total N'000	% %Change	Q2, 2020/21 Total N'000	Q2, 2019/20 Total N'000	% Change
Continuing operations						
Revenue	37,379,426	33,947,133	10.1	22,014,173	20,239,518	8.8
Cost of sales	(27,221,384)	(28,153,896)	(3.3)	(15,807,010)	(16,409,663)	(3.7)
Gross profit	10,158,042	5,793,237	75.3	6,207,163	3,829,855	62.1
Selling and distribution costs	(4,586,996)	(4,626,215)	(0.8)	(3,204,412)	(3,026,668)	5.9
Administrative expenses	(3,574,790)	(2,666,726)	34.1	(3,319,354)	(2,626,292)	26.4
Operating profit	1,996,256	(1,499,704)	233.1	(316,603)	(1,823,105)	82.6
Other income(Note 18)	1,828,257	87,778	1,982.8	1,898,543	158,064	1,101.1
Foreign exchange gain/(loss)	(2,847,408)	(50,722)	5,513.8	(654,007)	(31,322)	1,988.0
Interest income	109,796	176,038	(37.6)	192,965	202,181	(4.6)
Interest cost	(58,584)	(293,668)	(80.1)	(7,965)	(180,249)	(95.6)
Net finance cost	51,213	(117,630)	143.5	184,999	21,932	743.5
Profit/(Loss) before taxation	1,028,318	(1,580,277)	165.1	1,112,932	(1,674,430)	166.5
Taxation	(207,384)	-		(171,994)	-	
Profit/(Loss) after taxation	820,934	(1,580,277)	151.9	940,938	(1,674,430)	156.2
Attributable to:						
Equity holders of the parent	850,947	(1,585,466)	153.7	940,938	(1,674,430)	156.2
Non controlling interest	(30,013)	5,189	(678.4)			
Basic EPS (kobo)	21	(40)		24	(42)	
Diluted EPS (kobo)	21	(40)		24	(42)	

Consolidated and separate statement of financial position as at 30 November 2020

	Note	The Group		The Company	
		Q2, 2020/21 N'000	2019/20 N'000	Q2, 2020/21 N'000	2019/20 N'000
Assets					
Non-current assets					
Property, plant and equipment	2a	25,048,075	26,190,243	23,595,077	24,628,863
Right-of-use assets	2b	179,861	275,042	135,796	209,724
Intangible Assets	2c	688,752	741,732	688,752	741,732
Investments in subsidiaries	3	-	-	504,406	504,406
Other long-term receivables	4	1,914,526	1,914,526	1,870,028	1,870,028
		27,831,214	29,121,543	26,794,059	27,954,752
Current assets					
Inventories	5	22,401,647	26,258,698	17,300,936	15,654,747
Trade and other receivables	6	10,657,889	10,065,571	6,349,839	6,136,175
Other assets	7	1,606,876	1,010,312	1,538,965	849,486
Deposits for imports	8	670,338	1,202,075	191,373	318,369
Cash and cash equivalents	9	19,717,716	10,792,938	11,633,302	8,573,322
		55,054,466	49,329,594	37,014,416	31,532,098
Total assets		82,885,680	78,451,137	63,808,475	59,486,850
Equity					
Ordinary share capital	10	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		23,774,112	22,923,165	15,974,243	15,033,305
Equity attributable to equity holders of the company		32,637,619	31,786,672	24,837,750	23,896,812
Non controlling interest		2,743,268	2,773,281	-	-
Total equity		35,380,887	34,559,954	24,837,750	23,896,812
Liabilities					
Non-current liabilities					
Deferred income		-	61,047	-	6,605
Lease liability	2b	24,666	119,847	17,959	91,887
Deferred taxation	14	5,356,080	5,368,687	6,881,597	6,852,605
Provisions	15	344,848	245,418	-	-
		5,725,594	5,794,999	6,899,556	6,951,097
Current liabilities					
Trade and other payables	12	41,025,303	37,200,558	31,632,028	28,037,465
Lease liability	2b	155,195	155,195	117,837	117,837
Deferred income		-	20,826	-	20,826
Current taxation payable	13	555,656	620,176	321,304	462,814
Provisions	15	43,044	99,430	-	-
		41,779,199	38,096,185	32,071,169	28,638,941
Total liabilities		47,504,792	43,891,184	38,970,725	35,590,038
Net equity and liabilities		82,885,680	78,451,137	63,808,475	59,486,850

The Second quarter(Q2, 2020/21) unaudited financial statements were approved and authorised for issue by the board of directors on December 2020 and sign on its behalf by:

Mr. Panagiotis Katsis
Chief Executive officer
FRC/2020/XXXXXXXXXX

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

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

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

PZ Cussons Nigeria Plc
Q2, 2020/21 unaudited financial statement for six months ended 30 November 2020

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 2019	1,985,238	6,878,269	33,797,232	3,091,549	-	45,752,288
Adjustment on initial application of IFRIC 23	-	-	(3,517,328)	-	-	(3,517,328)
Adjusted balance at 1 June 2019	1,985,238	6,878,269	30,279,904	3,091,549	-	42,234,960
(Loss)/Profit for the year	-	-	(6,921,291)	(318,268)	-	(7,239,559)
Total comprehensive income for the year	-	-	(6,921,291)	(318,268)	-	(7,239,559)
Transactions with owners:						
Dividend paid relating to year ended 31 May 2019	-	-	(595,572)	-	-	(595,572)
Unclaimed dividend forfeited	-	-	160,124	-	-	160,124
Total transaction with owners	-	-	(435,448)	-	-	(435,448)
At 31 May 2020	1,985,238	6,878,269	22,923,165	2,773,281	-	34,559,954
At 1 June 2020	1,985,238	6,878,269	22,923,165	2,773,281	-	34,559,954
Profit for the period	-	-	850,947	(30,013)	-	820,934
Total comprehensive income for the period	-	-	850,947	(30,013)	-	820,934
Transactions with owners:						
Dividend paid relating to year ended 31 May 2020	-	-	-	-	-	-
Unclaimed dividend forfeited	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	-
At 30 November 2020	1,985,238	6,878,269	23,774,112	2,743,268	-	35,380,887
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	-	-	160,124	-	-	160,124
Total transaction with owners	-	-	(435,448)	-	-	(435,448)
At 30 November 2019	1,985,238	6,878,269	31,776,318	3,096,738	-	43,736,564

PZ Cussons Nigeria Plc
Unaudited Statement of changes in equity
as at 30 November 2020

	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 2019	1,985,238	6,878,269	24,953,075	-	-	33,816,582
Adjustment on initial application of IFRIC 23	-	-	(3,517,328)	-	-	(3,517,328)
Adjusted balance at 1 June 2019	1,985,238	6,878,269	21,435,747	-	-	30,299,254
Loss for the year	-	-	(5,966,995)	-	-	(5,966,995)
Total comprehensive income for the year	-	-	(5,966,995)	-	-	(5,966,995)
Transactions with owners:						
Dividend paid relating to year ended 31 May 2019	-	-	(595,572)	-	-	(595,572)
Unclaimed dividend forfeited	-	-	160,124	-	-	160,124
Total transaction with owners	-	-	(435,448)	-	-	(435,448)
At 31 May 2020	1,985,238	6,878,269	15,033,305	-	-	23,896,812
At 1 June 2020	1,985,238	6,878,269	15,033,305	-	-	23,896,812
Loss for the year	-	-	940,938	-	-	940,938
Total comprehensive income for the year	-	-	940,938	-	-	940,938
Transactions with owners:						
Dividend paid relating to year ended 31 May 2020	-	-	-	-	-	-
Unclaimed dividend forfeited	-	-	-	-	-	-
Total transaction with owners	-	-	-	-	-	-
At 30 November 2020	1,985,238	6,878,269	15,974,243	-	-	24,837,750
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	-	-	160,124	-	-	160,124
Total transaction with owners	-	-	(435,447)	-	-	(435,447)
At 30 November 2019	1,985,238	6,878,269	22,843,198	-	-	31,706,705

PZ Cussons Nigeria Plc
Q2, 2020/21 unaudited financial statement for six months ended 30 November 2020

	The Group			The Company		
	Q2 2020/21 N'000	Q2 2019/20 N'000	Year End 2019/20 N'000	Q2 2020/21 N'000	Q2 2019/20 N'000	Year End 2019/20 N'000
Cash flows from operating activities						
Cash generated from operations	7,085,312	2,815,851	12,086,835	1,086,728	2,121,782	7,366,201
Taxation	(214,715)	(441)	(441)	(214,715)	(441)	(441)
Net cash flow generated from operating activities	6,870,597	2,815,411	12,086,394	872,013	2,121,341	7,365,760
Cash flows from investing activities						
Interest received	109,796	176,038	304,970	192,965	202,181	338,419
Loan receivables	-	-	(165,100)	-	-	1,415,576
Purchase of property, plant and equipment	(121,407)	(1,056,939)	(1,539,635)	(121,407)	(803,761)	(1,266,251)
Proceeds from sale of property, plant and equipment	2,124,375	-	1,500	2,124,375	-	1,500
Net cash used in investing activities	2,112,764	(880,901)	(1,398,265)	2,195,933	(601,580)	489,244
Cash flows from financing activities						
Interest Expense	(58,584)	(293,668)	(454,234)	(7,965)	(180,249)	(276,515)
Loan payables	-	-	(1,173,870)	-	-	(248,870)
Lease payment	-	-	(190,362)	-	-	(147,856)
Dividends paid to Company shareholders	-	(159,169)	(595,572)	-	(159,169)	(595,572)
Net cash flow used in financing activities	(58,584)	(452,837)	(2,414,038)	(7,965)	(339,418)	(1,268,813)
Net increase in cash, cash equivalents and bank overdrafts	8,924,778	1,481,672	8,274,091	3,059,980	1,180,343	6,586,191
Cash, cash equivalents and bank overdrafts at the beginning of the year	10,792,938	2,518,847	2,518,847	8,573,322	1,987,131	1,987,131
Cash, cash equivalents and bank overdrafts at the end of the year	19,717,716	4,000,519	10,792,938	11,633,302	3,167,474	8,573,322

PZ Cussons Nigeria Plc

Q2, 2020/21 unaudited financial statement for six months ended 30 November 2020

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, 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.

The condensed interim 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.

PZ Cussons Nigeria Plc

Q2, 2020/21 unaudited financial statement for six months ended 30 November 2020

Notes to the condensed interim financial statements

2a. Property, plant and equipment

The Group						
<u>Otr 2, 2020/21</u>						
Cost	Leasehold land and buildings	Plant and Machinery	Office furniture and fittings	Motor vehicles	Capital Work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 June 2020	19,694,904	25,281,119	3,560,997	564,560	2,051,989	51,153,568
Additions					121,407	121,407
Reclassifications		761,318	18,443	-	(779,762)	-
At 30 November 2020	19,694,904	26,042,437	3,579,440	564,560	1,393,634	51,274,975
Depreciation						
At 1 June 2020	4,201,472	17,261,710	2,935,584	564,560	-	24,963,326
Charge for the year	184,269	886,373	192,933	-	-	1,263,575
At 30 November 2020	4,385,741	18,148,083	3,128,517	564,560	-	26,226,901
Net book values						
At 30 November 2020	15,309,163	7,894,354	450,923	-	1,393,634	25,048,075
<u>2019/20</u>						
Cost	Leasehold land and buildings	Plant and Machinery	Office furniture and fittings	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					1,539,635	1,539,635
Transfers	152,075	439,818	152,814	-	(744,706)	-
Disposals	-	-	-	(4,450)	-	(4,450)
At 31 May 2020	19,694,904	25,281,119	3,560,997	564,560	2,051,989	51,153,568
Depreciation						
At 1 June 2019	3,840,414	15,341,101	2,526,997	569,010	-	22,277,522
Charge for the year	361,058	1,920,609	408,587	-	-	2,690,254
On Disposals	-	-	-	(4,450)	-	(4,450)
At 31 May 2020	4,201,472	17,261,710	2,935,584	564,560	-	24,963,326
Net book values						
At 31 May 2020	15,493,432	8,019,409	625,413	-	2,051,989	26,190,243
At 31 May 2019	15,702,415	9,500,200	881,186	-	1,257,060	27,340,861

PZ Cussons Nigeria Plc

Q2, 2020/21 unaudited financial statement for six months ended 30 November 2020

The Company						
Otr 2, 2020/21						
Cost	Leasehold land and buildings	Plant and Machinery	Office furniture and fittings	Motor vehicles	Capital Work in progress	Total
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 June 2020	19,025,340	23,629,427	3,294,321	481,111	1,831,091	48,261,290
Additions					121,407	121,407
Reclassifications		672,134	17,474		(689,608)	-
Disposals	-					-
At 30 November 2020	19,025,340	24,301,561	3,311,795	481,111	1,262,890	48,382,697
Depreciation						
At 1 June 2020	4,147,177	16,302,519	2,701,620	481,111	-	23,632,427
Charge for the year	175,344	796,139	183,710			1,155,193
Intercoy transfers						-
On disposals						-
At 30 November 2020	4,322,521	17,098,658	2,885,330	481,111	-	24,787,620
Net book values						
At 30 November 2020	14,702,819	7,202,903	426,465	-	1,262,890	23,595,077
2019/20						
Cost	Leasehold land and buildings	Plant and Machinery	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	-	-	-	-	1,266,251	1,266,251
Reclassification		447,461	144,038		(591,499)	-
Disposals				(4,450)		(4,450)
At 31 May 2020	19,025,340	23,629,427	3,294,321	481,111	1,831,091	48,261,290
Depreciation						
At 1 June 2019	3,796,490	14,548,629	2,309,848	485,561	-	21,140,528
Charge for the year	350,687	1,753,890	391,772			2,496,349
On disposals				(4,450)		(4,450)
At 31 May 2020	4,147,177	16,302,519	2,701,620	481,111	-	23,632,427
Net book values						
At 31 May 2020	14,878,163	7,326,908	592,701	-	1,831,091	24,628,863
At 31 May 2019	15,228,850	8,633,337	840,435	-	1,156,339	25,858,961

Notes to the financial statements

2b. Right-of-use asset

	The Group			The Company		
	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000
Cost						
Opening Balance	465,404	322,485	-	357,580	254,680	-
Additions	-	142,919	-	-	102,900	-
Opening Balance	465,404	465,404	-	357,580	357,580	-
Accumulated Amortizations						
Opening Balance	190,362	-	-	147,856	-	-
Charge for the year	95,181	190,362	-	73,928	147,856	-
Closing charge	285,543	190,362	-	221,784	147,856	-
Carrying amount						
	179,861	275,042	-	135,796	209,724	-
Lease liability						
Opening balance	275,042	322,485	-	209,724	254,680	-
Additions	-	142,919	-	-	102,900	-
Payments	(95,181)	(190,362)	-	(73,928)	(147,856)	-
Closing charge	179,861	275,042	-	135,796	209,724	-
Non Current	24,666	119,847	-	17,959	91,887	-
Current	155,195	155,195	-	117,837	117,837	-
Total	179,861	275,042	-	135,796	209,724	-

The application of IFRS 16 to leases previously classified as operating leases under IAS 17 resulted in the recognition of right-of-use assets and lease liabilities. The Group has chosen to use the table above to set out to show the implementation of IFRS 16.

2c. Intangible asset

	The Group			The Company		
	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000
Cost						
Opening Balance	1,059,618	1,059,618	1,059,618	1,059,618	1,059,618	1,059,618
Additions	-	-	-	-	-	-
Opening Balance	1,059,618	1,059,618	1,059,618	1,059,618	1,059,618	1,059,618
Accumulated Amortizations						
Opening Balance	317,886	211,924	105,962	317,886	211,924	105,962
Charge for the year	52,981	105,962	105,962	52,981	105,962	105,962
Closing charge	370,866	317,886	211,924	370,866	317,886	211,924
Carrying amount						
	688,752	741,733	847,694	688,752	741,733	847,694

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.

3. Investments in subsidiaries

The Company	The Company		
	Q2, 2020/21 N'000	2019/20 N'000	2018/19 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	-

4. 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.

	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000
Advances to HPZ Distributors	-	-	-	-	-	-
Prepayments over 1 year	-	-	29,861	-	-	29,861
Export rebates receivables & Export credit certificates	1,914,526	1,914,526	1,960,609	1,870,028	1,870,028	1,915,572
Total	1,914,526	1,914,526	1,990,470	1,870,028	1,870,028	1,945,433

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.

5. Inventories

	The Group			The Company		
	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000
Raw materials and consumables	8,641,386	8,629,003	9,085,772	9,255,344	6,249,569	9,027,018
Finished goods and goods for resale	6,099,462	7,811,192	11,361,457	4,326,366	5,151,788	6,097,145
Engineering spares and other stocks	2,596,185	2,786,674	2,918,618	2,342,192	2,536,303	2,766,878
Goods in transit	5,064,613	7,032,830	5,233,209	1,377,034	1,717,087	1,277,595
Total	22,401,647	26,259,699	28,599,056	17,300,936	15,654,747	19,168,436

6a. Trade and other receivables

Receivables due within one year:	Group			Company		
	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000
Trade receivables	8,091,834	6,908,872	10,845,936	3,718,915	3,099,446	5,654,404
Less: provision for impairment of trade receivables	(1,418,051)	(1,370,296)	(1,233,054)	(1,152,247)	(1,109,437)	(871,275)
Net trade receivables	6,673,784	5,538,576	9,612,882	2,566,668	1,990,009	4,783,129
Receivables from subsidiary companies	-	-	-	-	-	1,584,419
Receivables from related party companies	2,837,395	2,940,331	3,989,569	2,837,395	2,940,331	3,989,569
WHT credit note receivable	252,973	456,773	552,108	252,973	262,341	439,074
Other receivables	893,737	1,129,891	1,011,227	692,803	943,494	696,885
Total	10,657,889	10,065,571	15,165,786	6,349,839	6,136,175	11,493,076

Notes to the financial statements

6c. Trade and other receivables continued

	The Group			The Company		
	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000
Movements in the provision for impairment of trade receivables are as follows:						
Opening	(1,370,296)	(1,233,054)	(1,126,844)	(1,109,437)	(871,275)	(772,301)
Provision for receivables impairment	(47,754)	(137,242)	(106,210)	(42,809)	(238,162)	(98,974)
Receivables written off during the year	-	-	-	-	-	-
Closing	(1,418,051)	(1,370,296)	(1,233,054)	(1,152,247)	(1,109,437)	(871,275)

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.

7. Other current assets

	The Group			The Company		
	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000
Prepayments	222,595	19,833	123,663	211,798	19,833	123,663
Advance to Distributors & Suppliers	1,384,281	990,479	1,146,340	1,327,167	829,653	796,340
	1,606,876	1,010,312	1,270,003	1,538,965	849,486	920,003

8. Deposits for imports

	The Group			The Company		
	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000
Deliverable Forwards		668,100			266,045	
Deposits for Letters of credits	670,338	533,975	2,204,023	191,373	52,324	1,590,536
	670,338	1,202,075	2,204,023	191,373	318,369	1,590,536

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.

9. Cash and cash equivalents

	The Group			The Company		
	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000
Cash at bank and in hand	19,717,716	10,792,938	2,518,847	11,633,302	8,573,322	1,987,131
Bank Overdrafts	-	-	-	-	-	-
Cash and cash equivalents	19,717,716	10,792,938	2,518,847	11,633,302	8,573,322	1,987,131

There are no short-term borrowing as at 30 November 2020. There were no assets pledged as security for borrowing.

Notes to the financial statements

10. Ordinary share capital

Group and company	Q2, 2020/21	
	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 2019/2020	
	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

11. 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% (2018: 73.27%) of the group and company's shares. The remaining 26.73% (2018: 26.73%) of the shares are widely held. The group's ultimate parent is PZ Cussons (Holdings) Limited (incorporated in the UK).

All intercompany trading balances are settled in cash. There was no provision for doubtful related party receivables at 30 November 2020 (31 May 2020: 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 3.

12 Trade and other payables

	Group			Company		
	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000
Trade payables	4,621,763	1,977,658	3,546,519	3,623,655	1,740,422	2,640,268
Unclaimed Dividend	1,860,703	1,860,703	1,966,545	1,860,703	1,860,703	1,966,545
Accruals	4,763,100	4,096,190	3,176,166	3,725,701	2,398,200	2,343,155
Amounts owed to subsidiaries	0		-	1,458,751	4,452,649	6,186,173
Amounts owed to related parties	28,119,836	27,883,726	18,913,525	19,221,453	16,455,286	11,272,353
Sundry creditors	1,659,901	1,382,281	1,740,673	1,741,766	1,130,205	1,427,307
Total	41,025,303	37,200,558	29,343,428	31,632,028	28,037,465	25,835,801
	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.

Notes to the financial statements

13. Taxation

Current tax payable	Group			Company		
	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000	Q2, 2020/21 N'000	2019/20 N'000	2018/19 N'000
At 1 June	620,176	192,993	457,818	462,814	192,993	457,708
Effect on initial application of IFRIC 23 - prior year	-	219,833	-	-	219,833	-
Effect on initial application of IFRIC 23 - current year	-	14,241	-	-	14,241	-
Charge for the year	219,992	384,035	(6,384)	143,001	226,673	(6,384)
WHT Utilised during the year	(69,796)	(178,671)	(101,999)	(69,796)	(178,671)	(101,889)
Payment during the year	(214,715)	(441)	-	(214,715)	(441)	(156,442)
Payment during the year(ECC)	-	(11,814)	(156,442)	-	(11,814)	-
Closing balance	555,656	620,176	192,993	321,304	462,814	192,993

14. Deferred taxation

The Group

	Property plant and equipment N'000	Provisions N'000	Total N'000
At 1 June 2019	347,347	2,867,466	3,214,813
Charge to income statement	-	2,153,874	2,153,874
At 31 May 2020	347,347	5,021,340	5,368,687
Adjustments	-	-	-
Charge to income statement	(12,607)	-	(12,607)
At 30 November 2020	334,740	5,021,340	5,356,080

The Company

	Property plant and equipment N'000	Provisions N'000	Total N'000
At 1 June 2019	3,116,626	1,104,804	4,221,430
Charge to income statement	-	2,631,175	2,631,175
At 31 May 2020	3,116,626	3,735,979	6,852,605
Adjustments	-	-	-
Charge to income statement	28,992	-	28,992
At 30 November 2020	3,145,618	3,735,979	6,881,597

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	(1,525,517)	-
Deferred tax liabilities	6,881,597	6,881,597
	5,356,080	6,881,597

Group and company

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.

15. Provisions

Warranty provisions	The Group		
	Q2, 2020/21 N'000	Full Year 2020 N'000	Full Year 2019 N'000
Openin Balance	344,848	259,348	187,896
Charged to the income statement	43,044	344,848	183,028
Utilised in the year	-	(259,348)	(111,576)
Closing Balance	387,892	344,848	259,348
The ageing of the provisions are as follows:	387,892	344,848	259,348
Within 12 months	43,044	99,430	183,028
Greater than 12 months	344,848	245,418	76,320
Total	387,892	344,848	259,348

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.

16 Cash generated from operating activities

	Group			Company		
	Q2, 2020/21 N'000	Q2 2019/20 N'000	Year End 2019/20 N'000	Q2, 2020/21 N'000	Q2 2019/20 N'000	Year End 2019/20 N'000
Cash flows from operating activities						
Profit before taxation	1,028,318	(1,580,277)	(7,984,735)	1,112,932	(1,674,430)	(6,392,401)
Adjustment to reconcile net income to cash provided:						
Depreciation	1,263,575	1,187,100	2,880,616	1,155,193	1,038,186	2,644,205
Amortization charge	52,981	52,980	105,962	52,981	52,980	105,962
(Profit)/loss on disposal of fixed assets	(1,742,449)	-	(1,500)	(1,742,449)	-	(1,500)
Unclaimed dividend forfeited	-	-	-	-	-	-
Interest expense	58,584	293,668	454,234	7,965	180,249	276,515
Interest income	(109,796)	(176,038)	(304,970)	(192,965)	(202,181)	(338,419)
	551,212	(222,567)	(4,850,394)	393,657	(605,196)	(3,705,638)
Changes in assets and liabilities						
(Increase)/decrease in trade and other receivables	(592,319)	(342,277)	5,265,316	(213,665)	2,084,019	3,941,327
Decrease/(increase) in other assets	(596,564)	(453,324)	259,691	(689,479)	(251,903)	70,517
Decrease in deposit for imports	531,737	1,873,287	1,001,948	126,996	1,259,800	1,272,167
Decrease/(increase) in inventories	3,857,052	1,440,111	2,340,358	(1,646,190)	2,781,871	3,513,689
Increase/(decrease) in trade, other payables and provisions	3,334,194	520,621	8,069,916	3,115,409	(3,146,808)	2,274,139
Cash flows from operating activities	7,085,312	2,815,851	12,086,835	1,086,728	2,121,782	7,366,201

17 Events after reporting date

17.1 Covid 19 impact

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of its rapid spread across the globe, with about 150 countries affected. Many governments, including the Nigerian government, are taking increasingly stringent measures to contain the spread of the virus. Currently, there is a significant increase in economic uncertainty which is evidenced by increase in exchange rates.

Consequently, for the Company's 30 November 2020 financial statements, there is no impact on the recognition and measurement of assets and liabilities. Due to the uncertainties of the outcome of current events, the Company cannot reasonably estimate the impact these events will have on the Company's financial position, result of operations and cash flows in the future.

17.2 Ikoyi Properties

Until 12 December 1991, Lagos State was the capital territory of Nigeria; and at that time certain lands was under the control/ownership of a Federal Government of Nigeria. When country's capital was moved to Abuja, the land in question reverted ostensibly to the control of Lagos state in line with the Land Use Act of 1978. The State authority then transferred the lands to various private landowners. Three properties in Ikoyi belonging to PZ Cussons Nigeria Plc falls within this portion of land.

However, in July 2020 subsequent to year end, the Federal government asserted that they never transferred ownership of the land to the state authorities at that time when the capital moved to Abuja and accordingly laid claim to continued ownership. Occupiers of the properties are alleged to be squatters in the originating summons filed at the High Court by Nurudeen & Co. Nigeria Limited (who by an affidavit annexed to the summons claims that they were appointed as Agent of the Federal Government of Nigeria by a letter of instruction from the office of the Attorney General of the Federation dated 24 August 2017 filed an action). The properties of PZ Cussons Nigeria Plc in the affected areas are valued at approximately at N4.1 Billion.

The Company has title/certificates of occupancy to the affected land, which provides prima facie evidence of ownership, however there is no precedence to estimate the outcome of the matter.

17.3 Board changes

Company recently notified the public of the retirement of its Board Chairman - Chief Kola Jamodu . He retired as Non-Executive Director and Chairman of the Board effective 11 December 2020. Mr. Gbenga Oyeboade have been appointed as Non-Executive Director and Chairman of the Board effective 11 December 2020. Also, Mr. L. Batagarawa have also retired from the Board effective 11 December 2020.

Except as disclosed above, there are no other significant events after the reporting period which could have a material effect on the financial position of the Company as at 30 November 2020, and its financial performance for the year then ended, that have not been adequately provided for or disclosed in these financial statements

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

PZ Cussons Nigeria Plc held an extraordinary general meeting on Thursday, 24 September 2020 in respect of sale of factory premises situated within plot 20A Ikorodu Industrial Scheme, Ikorodu, Lagos to Friesland Campina Wamco Nigeria Plc. The sale was approved at the meeting. The portion of the land sold to Friesland Campina Wamco Nigeria PLC is approximately 67,733.235 square metres. The company received the sum of N2.124B as consideration for the sales resulting in profit on disposal of N1.742B. This transaction have been recognised in the financial statement as at 30 November 2020.

19 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.