

# **PZ CUSSONS NIGERIA PLC**

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
31 MAY 2023

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**Corporate Information**

**Board of Directors**

Mrs. I.M.O Okauru, MFR - Chairman, Independent Non-Executive Director(Appointed w.e.f 25 January 2023)

Mr. G. Oyebode	-	Chairman, Independent Non-Executive Director(resigned w.e.f 25 January 2023)
Mr. P. Katsis	-	Managing Director / Chief Executive Officer(Retired w.e.f 31 May 2023)
Mr. D. Kostianis	-	Managing Director / Chief Executive Officer(Appointed w.e.f 1 June 2023)
Mr. P. Usoro, SAN	-	Non - Executive Director(Retired w.e.f 25 January 2023)
Ms. J.F Coker	-	Executive Director
Mr. Z. Momoniat	-	Executive Director(Resigned w.e.f 31 December 2022)
Mr D. Anniss	-	Non Executive Director
Mr. K. Massie	-	Non Executive Director
Mallam B. Manu	-	Independent Non-Executive Director (Appointed w.e.f 21 November 2022)
Mrs. O. Odutayo	-	Independent Non-Executive Director (Appointed w.e.f 21 November 2022)

Mr. B. Egan - Chief Finance Officer (Appointed w.e.f 1 Jan 2023)

**Company Secretary / Legal Adviser**

Mrs O. Olonade-Agaga - (Appointed w.e.f 14 Mar 2023)

**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>	<b>The Group</b>		<b>% Change</b>
	<b>2023</b>	<b>2022</b>	
Revenue	113,964,309	99,503,320	15%
Operating profit/(loss)	8,224,028	(231,533)	3652%
Profit before taxation	20,463,740	10,008,025	104%
Taxation	(6,115,395)	(3,308,700)	85%
Profit after tax	14,348,345	6,699,325	114%
Non-controlling interest	1,455,559	729,210	100%
Profit attributable to equity holders of parent company	12,892,786	5,970,115	116%
<b>At year end:</b>			
Share capital	1,985,238	1,985,238	0%
Total equity	48,360,058	37,739,831	28%
Data per 50k share			
Based on 3,970,477,045 ordinary shares of 50k each:			
Basic and diluted earnings per share (Naira)	3.28	1.50	118%
Number of employees	996	1,040	-4%
<b>Stock exchange quotations in Naira (Company):</b>	19.5	11.5	70%

## 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 2023 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 2023

	<b>2023</b>	<b>2022</b>	<b>Change %</b>
	N'000	N'000	
Revenue	113,964,309	99,503,320	15%
Operating profit/(loss)	8,224,028	(231,533)	3652%
Profit before taxation	20,463,740	10,008,025	104%
Taxation	(6,115,395)	(3,308,700)	85%
Profit for the year	14,348,345	6,699,325	114%
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Profit attributable to equity holders of parent company	<u>12,892,786</u>	<u>5,970,115</u>	116%

### 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 2023 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 ("CAMA"), and in compliance with the Listing Requirements of the Nigerian Stock Exchange are as follows:

<b>Directors</b>	<b>2023</b>		<b>2022</b>	
	<b>Direct</b>	<b>Indirect</b>	<b>Direct</b>	<b>Indirect</b>
Mrs. Ifueko Marina Omoigui Okauru, MFR	59,713	Nil	59,713	Nil
Mr. Gbenga Oyebode (Up to 25 January 2023)	Nil	Nil	Nil	Nil
Mr. Panagiotis Katsis	Nil	Nil	Nil	Nil
Ms. Joyce F Coker	3,889	Nil	3,889	Nil
Mr. Kevin Massie ***	Nil	Nil	Nil	Nil
Mr Duncan Anniss ***	Nil	Nil	Nil	Nil
Mallam Ballama Manu	Nil	Nil	Nil	Nil
Mrs. Oluwatoyin Odutayo	Nil	Nil	Nil	Nil
Mr. Paul Usoro, SAN (Up to 25 January 2023)	1,000,000	Nil	1,000,000	Nil
Mr. Zuber Momoniat	Nil	Nil	Nil	Nil

The above are the directors holdings as at 31 May 2023.

\*\*\*Mr. Massie and Mr. Anniss represent the interest of the majority shareholder PZ Cussons (Holdings) Limited UK with 2,909,349,788 shares

### Interest in contracts

In accordance with Section 303 of the CAMA, Mallam Manu has notified the Company that he is an Independent Director on the Board of Stanbic IBTC Holding PLC, the holding company of one of our bankers. 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 office, must retire at the Annual General Meeting and they may offer themselves for re-election. Accordingly, Mr. Kevin Massie and Mr. Duncan Anniss being eligible, have offered themselves for re-election. Mallam Ballama Manu and Mrs. Toyin Odutayo were 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 CAMA, the Record of Directors' Attendance at Board Meetings in the 2022/2023 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 Company'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 eight times during the 2023 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 eight (8) times in the course of the year under review. The record of attendance of the Directors at the meetings is set below:

Directors	23/6/22	28/9/22	28/10/22	24/1/23	25/1/23	24/3/23	31/3/23	27/4/23
Mr. G. Oyeboode	√	√	√	√	√	R	R	R
Mrs. I.M.O Okauru	√	√	√	√	√	√	√	√
Mr. P. Katsis	√	√	√	√	√	√	√	√
Ms. J.F. Coker	√	√	√	√	√	√	√	√
Mr. K. Massie *	√	√	√	√	√	√	√	√
Mr D. Anniss *	√	√	AB	√	√	√	√	√
Mr. Z. Momoniat	√	√	√	R	R	R	R	R
Paul Usoro ,SAN	√	√	√	√	√	R	R	R
Mallam B. Manu	NA	NA	NA	√	√	√	√	√
Mrs. O. Odutayo	NA	NA	NA	√	√	√	√	√

√ Present  
 AB Absent  
 R Retired  
 NA Not Appointed

\* Mallam B. Manu became a member on 21 November 2022.

\* Mrs. O. Oduntayo became a member on 21 November 2022.

\* Mr. Z. Momoniat resigned on 31 December 2022.

\* Mr. O. Oyeboode resigned on 25 January 2023

\* Paul Usoro, SAN resigned on 25 January 2023

## Directors' Report (cont'd)

### Major Shareholdings

According to the Register of Members as at 31 May 2023, PZ Cussons (Holdings) Limited held 2,909,349,788 shares. This represents 73.27% of the paid-up capital of the Company.

### Analysis of Shareholdings

Range	No. of Shareholders	Holders %	Units	% Units
1 - 1000	25,618	33.74%	10,774,408	0.27%
1001 - 5000	23,093	30.41%	57,000,858	1.44%
5001 - 10000	11,386	15.00%	87,382,095	2.20%
10001 - 50000	13,652	17.98%	278,987,313	7.03%
50001 - 100000	1,184	1.56%	83,713,686	2.11%
100001 - 500000	848	1.12%	164,241,878	4.14%
500001 - 1000000	76	0.10%	52,425,655	1.32%
1000001 - 5000000	60	0.08%	124,646,082	3.14%
5000001 - 10000000	3	0.00%	22,836,859	0.58%
10000001 - 50000000	5	0.01%	120,201,120	3.03%
50000001 - 100000000	2	0.00%	141,360,143	3.56%
100000001 - 3970477045	1	0.00%	2,826,906,948	71.20%
	<b>75,928</b>	<b>100%</b>	<b>3,970,477,045</b>	<b>100.00%</b>

#### List of 5% and Above shareholdings:

PZ Cussons (Holding) Limited	1	0.00%	82,442,840	2.07%
PZ Cussons (Holding) Limited	1	100.00%	2,826,906,948	71.20%
			<b>2,909,349,788</b>	<b>73.27%</b>

Apart from PZ Cussons (Holdings) Limited, UK, no other shareholder held more than 5% of the paid-up capital of the Company as at 31 May 2023.

### Shareholding Structure/Free Float Status

Description	31 May 2023		31 May 2022	
	Unit	Percentage	Unit	Percentage
Issued Share Capital	3,970,477,000	100%	3,970,477,000	100%
<b>Substantial Shareholdings (5% and above)</b>				
PZ Cussons(Holdings) Limited, UK	2,909,349,788	73.27%	2,909,565,546	73.28%
Total Substantial Shareholdings	2,909,349,788	73.27%	2,909,565,546	73.28%
<b>Directors' Shareholdings (direct and indirect), excluding directors with substantial interests</b>				
Ms. Joyce Coker	3,889	0.00%	3,889	0.00%
Mr. P. Usoro, SAN	1,000,000	0.03%	1,000,000	0.03%
Mrs. I.M.O Okauru, MFR	59,713	0.00%	-	0.00%
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Total Directors' Shareholdings	1,063,602	0.03%	1,003,889	0.03%
<b>Other Influential Shareholdings</b>				
AMCON & PFA	98,793,459	2.49%	-	0.00%
		0.00%		0.00%
Total Other Influential Shareholdings	98,793,459	2.49%	-	0.00%
<b>Free Float in Units and Percentage</b>	<b>961,270,151</b>	<b>24.21%</b>	<b>1,059,907,565</b>	<b>26.69%</b>
<b>Free Float in Value</b>	<b>₦ 16,245,465,551.90</b>		<b>₦ 12,135,941,619.25</b>	

## **Directors' Report (cont'd)**

### **Declaration:**

(A) PZ Cussons Nigeria Plc with a free float percentage of 24.21% as at 31 May 2023, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

(B) PZ Cussons Nig Plc with a free float value of N12,135,941,619.25 as at 31 May 2022, is compliant with The Exchange's free float requirements for companies listed on the Main Board.

### **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 three (3) members namely

Mrs. I.M.O. Okauru, MFR**	
Mallam Ballama Manu*	Chairman
Mr. Duncan Anniss	Member
Mrs. Oluwatoyin Odutayo*	Member
Mr.P. Usoro, SAN**	

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

<b>Name</b>	<b>No. of meetings held</b>	<b>No. of meetings attended</b>
Mrs. I.M.O. Okauru, MFR**	7	5
Mallam Ballama Manu*	7	2
Mr. Duncan Anniss	7	7
Mrs. Oluwatoyin Odutayo*	7	1
Mr.P. Usoro, SAN**	7	5

The meetings were held on 22 June 2022, 27 September 2022, 11 October 2022, 12 October 2022, 23 January 2023, 22 March 2023, and 9 May 2023.

\*\*Mrs. I.M.O. Okauru, MFR\*\* resigned on 25 January 2023

\*\* Mr. P. Usoro, SAN. resigned on 25 January 2023

\* Mallam Ballama Manu became a member on 25 January 2023

\* Mrs Oluwatoyin Odutayo became a member on 9 May 2023

### **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:

Mrs. Oluwatoyin Odutayo*	Chairman
Mrs. I.M.O. Okauru, MFR**	Member
Mr. K. Massie	Member
Mr. P. Usoro, SAN**	Member



## Directors' Report (cont'd)

### Governance and People Committee (cont'd)

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

Name	No. of meetings held	No. of meetings attended
Mrs. Oluwatoyin Odutayo*	7	3
Mrs. I.M.O. Okauru, MFR**	7	4
Mr. K. Massie	7	7
Mr. P. Usoro, SAN**	7	4
Mallam B. Manu	7	Nil

The meetings were held on 22 June 2022, 7 July 2022, 27 October 2022, 13 December 2022, 3 March 2023 and 31 March 2023.

\*\*Mrs. I.M.O. Okauru, MFR resigned on 25 January 2023

\*\* Mr. P. Usoro, SAN. resigned on 25 January 2023

\* Mrs. Oluwatoyin Odutayo became a member on 13 December 2022

\*Mallam Ballama Manu became a member on 21 June 2023 after the year end.

### 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:

Mallam B. Manu\*

Mrs. I.M.O MFR Okauru\*\*

Mr. P. Usoro, SAN\*\*

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

Name	No. of meetings held	No. of meetings attended
Mallam B. Manu*	5	1
Mrs. I.M.O MFR Okauru**	5	4
Mr. P. Usoro, SAN**	5	4
Mr. E.A. Akinduro	5	3
Hon. B. Nwabughogu	5	5
Mr. O.I.Obarinde	5	4
Mr. O. Owioye*	5	1

The meetings were held on 22 June 2022, 30 September 2022, 13 October 2022, 14 December 2022 and 22 March 2023.

\*\*Mrs. I.M.O. Okauru, MFR resigned on 25 January 2023

\*\* Mr. P. Usoro, SAN. resigned on 25 January 2023

\* Mallam Ballama Manu became a member on 24 January 2023

\*Mr. Owioye became a member on 24 January 2023.

### Board Composition

The Company's Articles of Association provide for a maximum of fifteen directors. At the date of this report, the Board consists of seven directors: Three Independent Non-Executive Directors, two Non-Executive Directors and two Executive Directors. There is an ongoing board recruitment process for the appointment of two additional Independent Non-Executive Directors as at the time of this Report.

## **Directors' Report (cont'd)**

### **Board Composition (cont'd)**

The profile of the Board comprises distinguished individuals with diverse skills and competencies 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 Mrs. Ifueko Omoigui Okauru, an Independent Non-Executive Director while the Chief Executive Officer is Mr. Dimitris Kostianis. Furthermore, while the Chairman is responsible for providing overall leadership for the Company and ensuring the effective operation of the Board to achieve the Company's strategic goals, the Chief Executive Officer is responsible for coordinating the running of the business and implementing strategies.

### **Independent Directors**

In compliance with Section 275(1) of the CAMA and the Nigerian Code of Corporate Governance, more than a third, three (3) of the seven 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 a track record of outstanding achievements and potential 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 familiarise him/her with the requisite knowledge and information about the Group and its business.

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

The appointment of the director is presented to the subsequent Annual General Meeting for ratification.

### **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.

## **Directors' Report (cont'd)**

### **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**

The Board has not recommended dividend in respect of the year ended 31 May 2023 (2022: N4 billion). 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.

### **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 persons with disabilities in recruitment for any available position where their incapacity will not expose them to danger or serious disadvantage. Employees who become incapacitated 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 workplaces.

**Directors' Report (cont'd)**

**Acquisition of Own Shares**

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

**Gifts and Donations**

During the year ended 31 May 2023, the Group contributed N50 million (2022: 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 the 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 the Nigerian Code of Corporate Governance ("Code") and the SEC Corporate Governance Guideline ("Guideline") govern the operations of the Group and confirm that to the best of our knowledge, we are in compliance with the Code and the Guideline.

**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).

**Independent Auditors**

The firm of Deloitte & Touche served as the Independent Auditor during the year under review.

Dated the ..... 30 October .....2023

**BY ORDER OF THE BOARD**

  
**Olubukola Olorunade Agaga**  
**Acting Company Secretary**  
**FRC/2020/002/00000021128**  
**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 2023, 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 2023 were approved by the Directors on .....30 october..... 2023.

**SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:**



**Mrs. I.M.O Okauru, MFR**  
Chairman  
FRC/2016/ICAN/00000014169



**Mr. Dimitris Kostianis**  
Chief Executive Officer  
FRC/2023/PRO/DIR/003/204573



**Mr. Brian Egan**  
Chief Financial Officer  
FRC/2015/IODN/00000011227



**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 and the Group 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 and the Group 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 and Group's internal controls within 90 days prior to the date of its audited financial statements, and
- certifies that Company and Group'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 and Group's ability to record, process, summarise and report financial data, and has identified for the Company and Group'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 and Group'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 2023 were approved by the Directors on .....30 october..... 2023.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:



**Mrs. I.M.O Okauru,MFR**  
Chairman  
FRC/2016/ICAN/00000014169



**Mr. Dimitris Kostianis**  
Chief Executive Officer  
FRC/2023/PRO/DIR/003/204573



**Mr. Brian Egan**  
Chief Financial Officer  
FRC/2015/IODN/00000011227

**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:

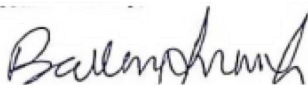
- a) the accounting and reporting policies of the Group and Company are in accordance with legal requirements and agreed ethical practices;
- b) the scope and planning of both the external and internal audit for the year ended 31st May, 2023 are satisfactory. The internal audit programmes reinforce the 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**

Mallam B. Manu	Chairman, Director's Representative	FRC/2016/IODN/00000014340
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
Mr. O. Owweye	Shareholders' Representative	FRC/2023/PRO/CIBN/002/879894

The Company Secretary served as the Secretary to the Committee.



**Mallam B. Manu**  
**FRC/2016/IODN/00000014340**

**30 October**  
..... 2023

## 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 4 to 71, which comprise the consolidated and separate statements of financial position as at 31 May 2023, 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 2023, 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 2020 and Financial Reporting Council of Nigeria 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.

We have determined that there are no key audit matters to communicate in our report.

#### 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, financial highlights, and other national disclosures (Statement of value added and five-year financial summary), 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.



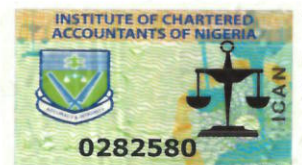
**Ngozika Emeka-Eze, FCA - FRC/2013/ICAN/00000001817**

**For: Deloitte & Touche**

**Chartered Accountants**

**Lagos, Nigeria**

**31 October 2023**



## Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

**For the year ended 31 May***In thousands of naira*

		Group		Company	
	Note	2023	2022	2023	2022
Revenue	28	113,964,309	99,503,320	67,413,111	58,264,660
Cost of sales	26a	(81,015,877)	(75,202,156)	(48,653,086)	(47,098,064)
<b>Gross profit</b>		<b>32,948,432</b>	<b>24,301,164</b>	<b>18,760,025</b>	<b>11,166,596</b>
Selling and distribution expenses	26a	(11,720,884)	(10,017,575)	(8,054,946)	(6,950,684)
Impairment of trade receivables	26a	(167,976)	(149,054)	(187,922)	(86,538)
Administrative expenses	26a	(7,881,879)	(10,206,473)	(6,902,928)	(8,284,397)
Foreign exchange loss	26b	(4,953,665)	(4,159,595)	(3,808,074)	(1,419,868)
<b>Operating profit/(loss)</b>		<b>8,224,028</b>	<b>(231,533)</b>	<b>(193,845)</b>	<b>(5,574,891)</b>
Other income	27	7,341,557	9,412,353	7,311,799	9,518,974
Interest income	35	5,233,116	836,144	4,149,329	933,042
Interest cost	35	(334,961)	(8,939)	(1,456)	(1,959)
<b>Profit before tax</b>		<b>20,463,740</b>	<b>10,008,025</b>	<b>11,265,827</b>	<b>4,875,166</b>
Income tax expense	20	(6,115,395)	(3,308,700)	(2,737,391)	(1,091,514)
<b>Profit for the year</b>		<b>14,348,345</b>	<b>6,699,325</b>	<b>8,528,436</b>	<b>3,783,652</b>
<b>Total comprehensive income for the year</b>		<b>14,348,345</b>	<b>6,699,325</b>	<b>8,528,436</b>	<b>3,783,652</b>
<b>Attributable to:</b>					
Equity holders of the parent company		12,892,786	5,970,115	8,528,436	3,783,652
Non-controlling interest		1,455,559	729,210	-	-
<b>Total comprehensive income for the year</b>		<b>14,348,345</b>	<b>6,699,325</b>	<b>8,528,436</b>	<b>3,783,652</b>
Basic and diluted earnings per share (kobo)	30	3.28	1.50	2.15	0.95

The accompanying notes on pages 9 to 71 form an integral part of these financial statements.



Consolidated and Separate Statements of Financial Position  
As at 31 May 2023

In thousands of naira	Note	Group		Company	
		2023	2022	2023	2022
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	15,500,551	16,490,087	14,031,271	15,137,428
Right-of-use assets	7	203,758	92,879	131,515	64,612
Intangible assets	9	423,847	529,808	423,847	529,808
Investment in subsidiary	10	-	-	504,406	504,406
Investment property	6	1,590,634	1,646,739	1,590,634	1,646,739
Deferred taxation	21	524,559	281,734	-	-
Loan receivables	13	-	-	3,422,048	-
Other assets	14	32,082	47,321	32,082	47,321
<b>Total non-current assets</b>		<b>18,275,431</b>	<b>19,088,568</b>	<b>20,135,803</b>	<b>17,930,314</b>
<b>Current assets</b>					
Inventories	11	29,048,718	26,891,779	19,922,450	19,263,283
Trade and other receivables	12	11,452,708	8,246,788	7,664,616	4,748,003
Loan receivables	13	-	-	3,158,814	-
Other assets	14	951,104	1,187,150	951,104	1,187,150
Deposits for imports	15	958,058	190,273	9,670	-
Deliverable forwards	24	4,056,791	431,803	383,725	324,820
Cash and cash equivalents	16	101,623,076	52,845,333	58,599,818	35,830,975
<b>Total current assets</b>		<b>148,090,455</b>	<b>89,793,126</b>	<b>90,690,197</b>	<b>61,354,231</b>
Asset held for sale	5	-	590,990	-	590,990
<b>Total assets</b>		<b>166,365,886</b>	<b>109,472,684</b>	<b>110,826,000</b>	<b>79,875,535</b>
<b>Equity and liabilities</b>					
<b>Equity</b>					
Share capital	17	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		34,466,241	25,301,572	19,808,961	15,008,640
Equity attributable to equity holders; Parent Company		43,329,747	34,165,079	28,672,468	23,872,147
Non-controlling interest		5,030,311	3,574,752	-	-
<b>Total Equity</b>		<b>48,360,058</b>	<b>37,739,831</b>	<b>28,672,468</b>	<b>23,872,147</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Borrowings	25	18,735,092	-	18,735,092	-
Deferred income	18	84,230	9,145	84,230	9,145
Deferred taxation	21	4,086,413	5,360,236	4,086,413	5,360,236
Warranty provisions	22	309,079	248,817	-	-
Lease Liability	8	108,131	36,133	70,131	22,668
<b>Total non-current liabilities</b>		<b>23,322,945</b>	<b>5,654,331</b>	<b>22,975,866</b>	<b>5,392,049</b>
<b>Current liabilities</b>					
Trade and other payables	23	79,943,735	60,992,553	54,481,105	48,481,317
Borrowings	25	5,277,304	-	-	-
Deferred income	18	5,272	55,980	5,272	55,980
Contract liabilities	19	361,162	1,161,394	361,162	572,350
Current taxation payable	20	8,927,549	3,697,278	4,268,743	1,459,748
Warranty provisions	22	72,234	114,571	-	-
Lease Liability	8	95,627	56,746	61,384	41,944
<b>Total current liabilities</b>		<b>94,682,883</b>	<b>66,078,522</b>	<b>59,177,666</b>	<b>50,611,339</b>
<b>Total liabilities</b>		<b>118,005,828</b>	<b>71,732,853</b>	<b>82,153,532</b>	<b>56,003,388</b>
<b>Total equity and liabilities</b>		<b>166,365,886</b>	<b>109,472,684</b>	<b>110,826,000</b>	<b>79,875,535</b>

The financial statements were approved by the board of directors on 30 October 2023 and signed on it behalf by:

Mrs. Ifueko M. Omogui Okauru  
Chairman  
FRC/2016/CAN/00000014169

Mr. Dimitris Kostianis  
Chief Executive officer  
FRC/2023/PRO/DIR/003/204573

Mr. Brian Egan  
Chief Financial Officer  
FRC/2015/IODN/00000011227

The accompanying notes on pages 9 to 71 form an integral part of these financial statements.

**Consolidated Statement of Changes in Equity**

		<b>Group</b>				
		<b>Attributable to owners</b>				
<i>In thousands of naira</i>	<b>Notes</b>	<b>Share capital</b>	<b>Share premium</b>	<b>Retained earnings</b>	<b>Non controlling interest</b>	<b>Total equity</b>
<b>Balance at 1 June 2022</b>		<u>1,985,238</u>	<u>6,878,269</u>	<u>25,301,572</u>	<u>3,574,752</u>	<u>37,739,831</u>
		<b>1,985,238</b>	<b>6,878,269</b>	<b>25,301,572</b>	<b>3,574,752</b>	<b>37,739,831</b>
<b>Comprehensive income for the year</b>						
Profit for the year		-	-	12,892,786	1,455,559	14,348,345
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>-</u>	<u>12,892,786</u>	<u>1,455,559</u>	<u>14,348,345</u>
<b>Transactions with owners</b>						
Dividend declared during the year ended 31 May 2022	23.1a	-	-	(4,010,182)	-	(4,010,182)
Unclaimed dividends forfeited	23.1b	-	-	282,065	-	282,065
<b>Total transactions with owners, recorded directly in equity</b>		<u>-</u>	<u>-</u>	<u>(3,728,117)</u>	<u>-</u>	<u>(3,728,117)</u>
<b>Balance at 31 May 2023</b>		<u>1,985,238</u>	<u>6,878,269</u>	<u>34,466,241</u>	<u>5,030,311</u>	<u>48,360,059</u>
<b>Balance at 1 June 2021</b>		<u>1,985,238</u>	<u>6,878,269</u>	<u>20,059,932</u>	<u>2,845,542</u>	<u>31,768,981</u>
<b>Comprehensive income for the year</b>						
Profit for the year		-	-	5,970,115	729,210	6,699,325
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>-</u>	<u>5,970,115</u>	<u>729,210</u>	<u>6,699,325</u>
<b>Transactions with owners</b>						
Dividend declared during the year ended 31 May 2021	23.1a	-	-	(992,620)	-	(992,620)
Unclaimed dividends forfeited	23.1b	-	-	264,145	-	264,145
<b>Total transactions with owners, recorded directly in equity</b>		<u>-</u>	<u>-</u>	<u>(728,475)</u>	<u>-</u>	<u>(728,475)</u>
<b>Balance at 31 May 2022</b>		<u>1,985,238</u>	<u>6,878,269</u>	<u>25,301,572</u>	<u>3,574,752</u>	<u>37,739,831</u>

The accompanying notes on pages 9 to 71 form an integral part of these financial statements.

**Separate statement of consolidated changes in equity**

<i>In thousands of naira</i>	Notes	Company			
		Share capital	Share premium	Attributable to owners Retained earnings	Total equity
<b>Balance at 1 June 2022</b>		<u>1,985,238</u>	<u>6,878,269</u>	<u>15,008,640</u>	<u>23,872,147</u>
		<b>1,985,238</b>	<b>6,878,269</b>	<b>15,008,640</b>	<b>23,872,147</b>
<b>Comprehensive income for the year</b>					
Profit for the year		<u>-</u>	<u>-</u>	<u>8,528,438</u>	<u>8,528,438</u>
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>-</u>	<u><b>8,528,438</b></u>	<u><b>8,528,438</b></u>
<b>Transactions with owners</b>					
Dividend declared during the year ended 31 May 2022	23.1a			(4,010,182)	(4,010,182)
Unclaimed dividends forfeited	23.1b	<u>-</u>	<u>-</u>	<u>282,065</u>	<u>282,065</u>
<b>Total transactions with owners, recorded directly in equity</b>				<u>(3,728,117)</u>	<u>(3,728,117)</u>
<b>Balance at 31 May 2023</b>		<u><b>1,985,238</b></u>	<u><b>6,878,269</b></u>	<u><b>19,808,961</b></u>	<u><b>28,672,468</b></u>
<b>Balance at 1 June 2021</b>		<u><b>1,985,238</b></u>	<u><b>6,878,269</b></u>	<u><b>11,953,463</b></u>	<u><b>20,816,970</b></u>
<b>Comprehensive income for the year</b>					
Profit for the year		<u>-</u>	<u>-</u>	<u>3,783,652</u>	<u>3,783,652</u>
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>-</u>	<u><b>3,783,652</b></u>	<u><b>3,783,652</b></u>
<b>Transactions with owners</b>					
Dividend declared during the year ended 31 May 2021	23.1a			(992,620)	(992,620)
Unclaimed dividends forfeited	23.1b	<u>-</u>	<u>-</u>	<u>264,145</u>	<u>264,145</u>
<b>Total transactions with owners, recorded directly in equity</b>				<u>(728,475)</u>	<u>(728,475)</u>
<b>Balance at 31 May 2022</b>		<u><b>1,985,238</b></u>	<u><b>6,878,269</b></u>	<u><b>15,008,640</b></u>	<u><b>23,872,147</b></u>

The accompanying notes on pages 9 to 71 form an integral part of these financial statements.

**Consolidated Statements of cash flows**

<i>In thousands of naira</i>	Note	Group		Company	
		2023	2022	2023	2022
<b>Operating activities</b>					
Profit before tax		20,463,740	10,008,025	11,265,827	4,875,166
<b>Adjustments for:</b>					
Depreciation of property, plant & equipment	4	1,898,151	2,329,868	1,726,313	2,132,763
Impairment of property, plant & equipment	4	-	3,361,872	-	3,361,872
Depreciation of right-of-use assets	7	96,121	140,658	65,097	111,707
Depreciation of Investment property	6	56,105	-	56,105	-
Amortization of intangible assets	9	105,961	105,962	105,961	105,962
Impairment of trade receivables	12.1	167,976	149,054	187,922	86,538
Profit on disposal of PPE	27	(5,943,576)	(8,865,457)	(5,943,383)	(8,865,444)
Foreign exchange loss		4,127,115	-	3,334,945	-
Effect of foreign exchange rate changes		826,550	(15,263)	473,129	(15,141)
Obsolescence/ damaged inventory	26a	750,292	2,200,000	733,697	2,200,000
Global shared services support	34.2	2,990,168	3,254,113	2,990,168	1,447,276
Technical Know, R&D, Trade mark & Mgt. fees	34.2	3,221,286	2,646,058	3,221,286	2,646,058
Interest expense	35	334,961	8,939	1,456	1,959
Interest income	35	(5,233,116)	(836,144)	(4,149,329)	(933,042)
		<b>23,861,734</b>	<b>14,487,685</b>	<b>14,069,194</b>	<b>7,155,674</b>
<b>Change in:</b>					
Inventories	11	(2,907,231)	(5,863,815)	(1,392,864)	(6,180,587)
Trade and other receivables		(3,374,078)	1,504,042	(3,104,533)	119,529
Other assets		251,285	284,450	251,285	150,493
Deposit for imports		(767,785)	(158,046)	(9,669)	32,227
Deliverable forwards		(3,624,988)	151,164	(58,906)	(229,527)
Trade and other payables	23	7,659,424	8,682,805	(4,499,800)	3,466,694
Deferred Income		24,377	(12,687)	24,378	(12,687)
Contract liabilities		(800,232)	647,429	(211,188)	368,586
Warranty provisions		17,925	(43,452)	-	-
<b>Cash generated from operating activities</b>		<b>20,340,431</b>	<b>19,679,575</b>	<b>5,067,897</b>	<b>4,870,402</b>
Income tax paid	20	(2,401,590)	(1,243,856)	(1,202,219)	(1,184,539)
<b>Net cash generated from operating activities</b>		<b>17,938,841</b>	<b>18,435,719</b>	<b>3,865,678</b>	<b>3,685,863</b>
<b>Investing activities</b>					
Interest income received	35	5,233,116	836,144	4,149,329	933,042
Loan advanced	13	(5,000,000)	-	(11,296,509)	(5,451,626)
Loan repayment	13	5,000,000	5,000,000	4,715,647	15,820,423
Proceeds from sale of property, plant and equipment		6,537,131	9,841,258	6,536,745	9,840,928
Acquisition of property, plant and equipment	4	(911,180)	(725,262)	(622,588)	(718,792)
<b>Net cash generated from investing activities</b>		<b>10,859,067</b>	<b>14,952,140</b>	<b>3,482,684</b>	<b>20,423,975</b>
<b>Financing activities</b>					
Borrowing from parent company	25a	17,031,902	-	17,031,902	-
Trade obligation with banks	25b	5,277,304	-	-	-
Dividends paid	23.1a	(1,071,739)	(992,620)	(1,071,739)	(992,620)
Interest expense paid	35	(334,961)	(8,939)	(1,456)	(1,959)
Lease payment	8	(96,121)	(140,658)	(65,097)	(111,707)
<b>Net cash generated/(used) in financing activities</b>		<b>20,806,385</b>	<b>(1,142,217)</b>	<b>15,893,610</b>	<b>(1,106,286)</b>
Net increase in cash and cash equivalents		49,604,293	32,245,642	23,241,972	23,003,553
Cash and cash equivalents at 1 June		52,845,333	20,584,428	35,830,975	12,812,282
Effect of foreign exchange rate changes		(826,550)	15,263	(473,129)	15,141
<b>Cash and cash equivalents at 31 May</b>	16	<b>101,623,076</b>	<b>52,845,333</b>	<b>58,599,818</b>	<b>35,830,975</b>

The accompanying notes on pages 9 to 71 form an integral part of these financial statements.

**Notes to the consolidated and separate financial statements**

**1 General information**

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 Company 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 Company also distributes products of Harefield Industrial Nigeria Limited and PZ Wilmar 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, 2023 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, 2023 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



**Notes to the consolidated and separate financial statements**

**2.2 Basis of preparation and measurement (cont'd)**

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.

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.

**2.2.1 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.

**2.2.2 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 2022:

- Amendments to IAS 8 - Definition of Accounting Estimates
- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

**(i) Amendments to IAS 8 - Definition of Accounting Estimates**

The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty.

The definition of a change in accounting estimates was deleted. However, the Board retained the concept of changes in accounting estimates in the Standard with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error;
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The new standard had no impact on the Group's consolidated financial statements.

**(ii) 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.

**Notes to the consolidated and separate financial statements**

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

**(ii) Amendments to IFRS 3 – Reference to the Conceptual Framework (cont'd)**

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.

**(iii) 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.

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 new standard had no impact on the Group's consolidated financial statements.

**(iv) 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.

**Notes to the consolidated and separate financial statements**

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

**(iv) Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract (cont'd)**

The amendments are effective for annual periods beginning on or after 1st January 2022, with early application permitted.

The new standard had no impact on the Group's consolidated financial statements.

**2.2.3 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) 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.

**(ii) 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.

**(iii) 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.

**Notes to the consolidated and separate financial statements**

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

**(iii) IFRS 17 Insurance contracts (cont'd)**

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 new standard is not expected to have impact on the Group's consolidated financial statements.

**(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.

The new standard is not expected to have material impact on the Group's consolidated financial statements.

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

The amendments change the requirements in IAS1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

The amendments to IAS1 are effective for annual periods beginning on or after 1 January 2023, with earlier application permitted and are applied prospectively. The amendments to IFRS Practice Statement 2 do not contain an effective date or transition requirements.

The new standard is not expected to have material impact on the Group's consolidated financial statements.

**Notes to the consolidated and separate financial statements**

**2.3 Basis of consolidation**

The consolidated financial statements incorporate the financial statements of PZ Cussons Nigeria PLC and HPZ Nigeria Limited. 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.

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.

**Notes to the consolidated and separate financial statements**

**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.

**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.

**Notes to the consolidated and separate financial statements**

**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.

**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.

**Notes to the consolidated and separate financial statements**

**2.7 Leases (cont'd)**

**i Extension and termination options (cont'd)**

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.

- 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.

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.



**Notes to the consolidated and separate financial statements**

**2.7 Leases (cont'd)**

**i Extension and termination options (cont'd)**

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.

**Notes to the consolidated and separate financial statements**

**2.11 Current and Deferred tax (cont'd)**

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.

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 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.

**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 accessed on a monthly basis; and any resultant adjustment is reflected in the income statement of the period.

**Notes to the consolidated and separate financial statements**

**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).

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:

**Notes to the consolidated and separate financial statements**

**2.15.1 Financial assets (cont'd)**

**(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.

**(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.

**Notes to the consolidated and separate financial statements**

**2.15.1 Financial assets (cont'd)**

**(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.

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 to 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.

**(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 reclassified 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.

**Notes to the consolidated and separate financial statements**

**2.15.1 Financial assets (cont'd)**

**(iv) Financial assets at FVTPL (cont'd)**

**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.

**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).



**Notes to the consolidated and separate financial statements**

**2.15.1 Financial assets (cont'd)**

**(iv) Financial assets at FVTPL (cont'd)**

**Definition of default (cont'd)**

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.

**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 amortized cost or other financial liabilities.

**Other financial liabilities**

Other financial liabilities (including borrowings, lease liabilities 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.

**Notes to the consolidated and separate financial statements**

**2.15.2 Financial liabilities (cont'd)**

**Trade payables**

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

**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.

**Notes to the consolidated and separate financial statements**

**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 bringing them to their existing location and condition. The basis for valuation is as follows:

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

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.

**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 cost less impairment losses.

**Notes to the consolidated and separate financial statements**

**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.

**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.

**Notes to the consolidated and separate financial statements**

**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.

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.
- The 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.

**Notes to the consolidated and separate financial statements**

**2.25 Critical accounting judgements and key sources of estimation uncertainty (cont'd)**

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 which are presented 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.

**2.25.1 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.

**2.25.2 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.

**2.25.3 Fair value measurements of financial instruments**

When the fair values of receivables and payables 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.

**2.25.4 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.

**2.25.5 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).

**Notes to the consolidated and separate financial statements**

**2.25.5 Provision for expected credit losses (ECL) of trade receivables (cont'd)**

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.

**2.25.6 Inventory provisions**

The Group uses the following methodologies in provisioning for inventory allowance.

Provision type	Level of provision required
• Obsolete inventory	100%
• Unstable	100%
• Slow moving inventory	50% of the excess
• NRV	100% (Cost-NRV)

Obsolete inventory are SKU lines with no movement (raw material) or no sales (finished goods) in last twelve months. Unusable inventory are items that are damaged or past sell-by date or outside of current sales plan and require disposal. This would also include stock that is quarantined for quality control purposes. Slow Moving inventory are SKU lines that have value more than one year cost of sales value, either prior year or budget (if at SKU level) for that SKU line for finished goods or more than one year material usage from either prior year or budget (if at material level) for raw materials. Excess is calculated as stock line value minus prior year/expected future year sales/usage. NRV is when Net Realisable Value (NRV) of a finished good SKU line net of discounts and promotional costs is less than balance sheet value (at full cost).

New SKU lines that have been manufactured or purchased in last six months are not subject to above provisioning requirements. In all above cases judgement may be used if management believe that a provision is not justified based on an assessment of the ability to use/sell the inventory item.

Sundry Stocks are consumables, fuel oil and machinery spares. These are reviewed quarterly and items that are not moving should be provided based on management's judgement of future expected use. Machinery spares are generally a significant part of sundry stocks. As these items may be emergency spares and remain unused for many years, a provision may be necessary to ensure that the net balance sheet value is not overstated.

**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.

**Notes to the consolidated and separate financial statements**

**2.26 Contingencies (cont'd)**

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.

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognized because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability

Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed. If the possibility of outflow in settlement is remote the possible obligation is not a contingent liabilities and no disclosure is made.

. The contingent liabilities of the Group is disclosed in Note 32 of the financial statements.

**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 recognise as a separately line item outside property plant and equipment. Gains or losses on disposal are recognised within profit and loss. Depreciation is charged on the basis of useful life of the property.

**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.



**Notes to the consolidated and separate financial statements**

**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 market risk (including interest risk, commodity, price and foreign exchange risk), credit risk and liquidity risk.

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.

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 excluding deliverable forwards carried at 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.

**Notes to the consolidated and separate financial statements**

**3.1 Credit risk (cont'd)**

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

**Company**

31 May 2023

	Neither past due nor impaired	Up to 90 days	91 - 180 days	Over 180 days	Total
<b>Financial assets:</b>					
<i>In thousands of naira</i>					
Cash and cash equivalents (Note 16)	58,599,818	-	-	-	<b>58,599,818</b>
Trade receivables (Note 12)	1,349,448	249,760	575,438	41,120	<b>2,215,766</b>
Due from related party companies (Note 34)	2,840,442	-	-	-	<b>2,840,442</b>
Other receivables (Note 12)	1,827,891	-	-	-	<b>1,827,891</b>
Loan receivables (Note 13)	6,580,862	-	-	-	<b>6,580,862</b>
Deliverable forwards (Note 24)	383,725	-	-	-	<b>383,725</b>
<b>Total</b>	<b>71,582,186</b>	<b>249,760</b>	<b>575,438</b>	<b>41,120</b>	<b>72,448,504</b>

**31 May 2022**

	Neither past due nor impaired	Up to 90 days	91 - 180 days	Over 180 days	Total
<b>Financial assets:</b>					
<i>In thousands of naira</i>					
Cash and cash equivalents (Note 16)	35,830,975	-	-	-	<b>35,830,975</b>
Trade receivables (Note 12)	1,550,405	488,695	35,321	-	<b>2,074,421</b>
Due from related party companies (Note 34)	1,290,630	-	-	-	<b>1,290,630</b>
Other receivables (Note 12)	892,652	-	-	-	<b>892,652</b>
Loan receivables (Note 13)	-	-	-	-	<b>-</b>
Deliverable forwards (Note 24)	324,820	-	-	-	<b>324,820</b>
<b>Total</b>	<b>39,889,482</b>	<b>488,695</b>	<b>35,321</b>	<b>-</b>	<b>40,413,498</b>

**Notes to the consolidated and separate financial statements**

**3.1 Credit risk (cont'd)**

**Group**  
**31 May 2023**

	Neither past due nor impaired	Up to 90 days	91 - 180 days	Over 180 days	Total
<b>Financial assets:</b>					
<i>In thousands of naira</i>					
Cash and cash equivalents (Note 16)	101,623,076	-	-	-	<b>101,623,076</b>
Trade receivables (Note 12)	4,235,890	267,529	596,248	41,120	<b>5,140,787</b>
Due from related party companies (Note 34)	2,884,607	-	-	-	<b>2,884,607</b>
Other receivables (Note 12)	2,217,023	-	-	-	<b>2,217,023</b>
Loan receivables (Note 13)	-	-	-	-	-
Deliverable forwards (Note 24)	4,056,791	-	-	-	<b>4,056,791</b>
<b>Total</b>	<b>115,017,387</b>	<b>267,529</b>	<b>596,248</b>	<b>41,120</b>	<b>115,922,284</b>

**31 May 2022**

	Neither past due nor impaired	Up to 90 days	91 - 180 days	Over 180 days	Total
<b>Financial assets:</b>					
<i>In thousands of naira</i>					
Cash and cash equivalents (Note 16)	52,845,333	-	-	-	<b>52,845,333</b>
Trade receivables (Note 12)	4,193,465	1,016,740	79,618	-	<b>5,289,823</b>
Due from related party companies (Note 34)	1,290,630	-	-	-	<b>1,290,630</b>
Other receivables (Note 12)	1,003,449	-	-	-	<b>1,003,449</b>
Loan receivables (Note 13)	-	-	-	-	-
Deliverable forwards (Note 24)	431,803	-	-	-	<b>431,803</b>
<b>Total</b>	<b>59,764,680</b>	<b>1,016,740</b>	<b>79,618</b>	<b>-</b>	<b>60,861,038</b>

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

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:

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
<i>In thousands of naira</i>		
Credit rating	<u>58,599,818</u>	<u>35,830,975</u>
<b>B</b>		
	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
<i>In thousands of naira</i>		
Credit rating	<u>101,623,076</u>	<u>52,845,333</u>

**B**

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.

**Notes to the consolidated and separate financial statements**

**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 2023 and 31 May 2022 are balances due to related parties of N58.3 billion and N43.7 billion respectively while that of the company is N45.5 billion and N36.4 billion respectively.

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

**Company**

**31 May 2023**

*In thousands of naira*

**Financial liabilities:**

Trade and other payables - excluding accruals (Note 23)  
 Borrowings (Note 25)

Up to 365 days	Above 365 days	Total
50,417,516	-	<b>50,417,516</b>
-	18,735,092	<b>18,735,092</b>
<b>50,417,516</b>	<b>18,735,092</b>	<b>69,152,608</b>

**31 May 2022**

*In thousands of naira*

**Financial liabilities:**

Trade and other payables - excluding accruals (Note 23)  
 Borrowings (Note 25)

Up to 365 days	Above 365 days	Total
42,215,487	-	<b>42,215,487</b>
-	-	-
<b>42,215,487</b>	<b>-</b>	<b>42,215,487</b>

**Group**

**31 May 2023**

*In thousands of naira*

**Financial liabilities:**

Trade and other payables - excluding accruals (Note 23)  
 Borrowings (Note 25)

Up to 365 days	Above 365 days	Total
72,407,531	-	<b>72,407,531</b>
5,277,304	18,735,092	24,012,396
<b>77,684,835</b>	<b>18,735,092</b>	<b>96,419,927</b>

**31 May 2022**

*In thousands of naira*

**Financial liabilities:**

Trade and other payables - excluding accruals (Note 23)  
 Borrowings (Note 25)

Up to 365 days	Above 365 days	Total
52,651,526	-	<b>52,651,526</b>
-	-	-
<b>52,651,526</b>	<b>-</b>	<b>52,651,526</b>

## Notes to the consolidated and separate financial statements

**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% (2022: 1 - 2%) increase or decrease in interest rates.

*In thousands of naira*

	Group		Company	
	2023	2022	2023	2022
Interest earned from related parties (Note 35)	367,068	239,910	939,136	407,229
Interest earned from banks (Note 35)	4,866,048	596,234	3,210,193	525,813
Interest paid to related parties (Note 35)	-	-	-	-
Interest paid to banks (Note 35)	(334,962)	(8,939)	(1,456)	(1,959)
<b>Net Interest Income</b>	<b>4,898,154</b>	<b>827,205</b>	<b>4,147,873</b>	<b>931,083</b>
<b>Average interest rate for the year(%)</b>	<b>11</b>	<b>6</b>	<b>11</b>	<b>6</b>

*In thousands of naira*

	Group		Company	
	2023	2022	2023	2022
Impact of 1% increase in average interest rate	445,832	(87)	377,079	(59)
Impact of 1% decrease in average interest rate	(445,832)	87	(377,079)	59
Impact of 2% increase in average interest rate	891,664	(173)	754,158	(118)
Impact of 2% decrease in average interest rate	(891,664)	173	(754,158)	118

**3.4 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. Increase/decrease in foreign exchange rate at the reporting dates would have increased/decreased profit or loss and total equity by the following amounts(See rates percentage of 15%, 30%, 50% and 100% below). 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	
	2023	2022	2023	2022
<b>Foreign Currency (\$'000)</b>	(132,011)	(83,363)	(101,278)	(49,536)
	Assets		Assets	
	2023	2022	2023	2022
<b>Foreign Currency (\$'000)</b>	3,533	4,995	3,501	4,969
	Group - Net position		Company - Net position	
	2023	2022	2023	2022
<b>Foreign Currency (\$'000)</b>	(128,478)	(78,369)	(97,777)	(44,567)
Closing foreign exchange rates (Naira/Dollar)	465.30	419.40	465	419.40
Average foreign exchange rates (Naira/Dollar)	445.57	414.73	446	414.73

**Notes to the consolidated and separate financial statements**

**3.4 Foreign exchange risk (cont'd)**

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.

	<b>Group - Net position</b>		<b>Company - Net position</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<i>In thousands of naira</i>				
<b>US dollar - 15% increase</b>	(8,967,155)	(4,930,167)	(6,824,316)	(2,803,721)
<b>US dollar - 15% decrease</b>	8,967,155	4,930,167	6,824,316	2,803,721
<b>US dollar - 30% increase</b>	(17,934,310)	(9,860,335)	(13,648,632)	(5,607,442)
<b>US dollar - 30% decrease</b>	17,934,310	9,860,335	13,648,632	5,607,442
<b>US dollar - 50% increase</b>	(29,890,517)	(16,433,892)	(22,747,720)	(9,345,737)
<b>US dollar - 50% decrease</b>	29,890,517	16,433,892	22,747,720	9,345,737
<b>US dollar - 100% increase</b>	(59,781,034)	(32,867,783)	(45,495,440)	(18,691,475)
<b>US dollar - 100% decrease</b>	59,781,034	32,867,783	45,495,440	18,691,475

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

**3.5 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, except deliverable forwards measured at cost, the fair value reasonably approximates the carrying value in the statement of financial position.

**3.6 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 2022.

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

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.

**Notes to the consolidated and separate financial statements**

**3.6 Capital risk management (cont'd)**

**Gearing ratio**

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<i>In thousands of naira</i>				
Borrowings	24,012,396	-	18,735,092	-
Lease liability (Note 8)	203,758	92,879	131,515	64,612
Cash and cash equivalents (Note 16)	(101,623,076)	(52,845,333)	(58,599,818)	(35,830,975)
<b>Net debt</b>	<b>(77,406,922)</b>	<b>(52,752,454)</b>	<b>(39,733,211)</b>	<b>(35,766,363)</b>
<b>Equity</b>	43,329,747	34,165,079	28,672,468	23,872,147
<b>Net debt to equity ratio</b>	-179%	-154%	-139%	-150%

Based on the above analysis, it can be ascertained that the company is lowly geared.

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.

**3.7 Commodity pricing risk**

Commodity risk is the risk that changes in underlying raw material prices have an adverse impact on the Group's financial performance. The Group's policy is to minimise the pricing volatility accompanied by unfavourable changes in commodity prices by entering into fixed price supplier contracts in line with its commercial strategy. The Group does not enter into any commodity derivatives.

Notes to the consolidated and separate financial statements

**4 Property, plant and equipment**

**Group - 2023**

<i>In thousands of naira</i>	<b>Leasehold Land and Buildings</b>	<b>Plant and Machinery</b>	<b>Furniture, Fittings and IT equipment</b>	<b>Motor Vehicles</b>	<b>Capital Work in Progress (WIP)</b>	<b>Total</b>
<b>Cost</b>						
At 1 June, 2022	15,341,791	27,688,342	3,596,245	41,540	828,947	47,496,865
Additions	-	-	-	-	911,980	911,980
Reclassification	263,965	850,845	117,314	-	(1,232,124)	-
Disposal	-	-	(3,171)	-	-	(3,171)
<b>At 31 May, 2023</b>	<b>15,605,756</b>	<b>28,539,187</b>	<b>3,710,388</b>	<b>41,540</b>	<b>508,003</b>	<b>48,404,874</b>
<b>Depreciation</b>						
At 1 June, 2022	5,525,171	22,069,507	3,370,560	41,540	-	31,006,778
Depreciation for the year	279,707	1,457,600	160,844	-	-	1,898,151
Disposals	-	-	(606)	-	-	(606)
<b>At 31 May, 2023</b>	<b>5,804,878</b>	<b>23,527,107</b>	<b>3,530,798</b>	<b>41,540</b>	<b>-</b>	<b>32,904,323</b>
<b>Cost</b>						
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)
<b>At 31 May, 2022</b>	<b>15,341,791</b>	<b>27,688,342</b>	<b>3,596,245</b>	<b>41,540</b>	<b>828,947</b>	<b>47,496,865</b>
<b>Depreciation</b>						
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	2,127,768	1,221,494	12,610	-	-	3,361,872
Disposals	(398,974)	(23,067)	(145,546)	(523,020)	-	(1,090,607)
<b>At 31 May, 2022</b>	<b>5,525,171</b>	<b>22,069,507</b>	<b>3,370,560</b>	<b>41,540</b>	<b>-</b>	<b>31,006,778</b>
<b>Carrying amounts</b>						
<b>At 31 May 2023</b>	<b>9,800,878</b>	<b>5,012,080</b>	<b>179,590</b>	<b>-</b>	<b>508,003</b>	<b>15,500,551</b>
<b>At 31 May 2022</b>	<b>9,816,620</b>	<b>5,618,835</b>	<b>225,685</b>	<b>-</b>	<b>828,947</b>	<b>16,490,087</b>

Depreciation expense of N1.41billion (2022: N1.99billion) has been charged in cost of sales, N0.25billion (2022: N0.27billion) in selling and distribution expenses and N0.24billion (2022: NGN0.07billion) in administrative expenses.

Construction work in progress as at 31 May 2023 mainly comprise of new factory lines and plant enhancements.

There was no capitalised borrowing cost during the years ended 31 May 2023 and 31 May 2022.

There were no assets pledged as security for borrowing during the year (2022: 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>	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
Authorised and contracted	1,675,000	650,551
Authorised but not contracted	411,000	280,313
	<b>2,086,000</b>	<b>930,864</b>



**Notes to the consolidated and separate financial statements**

**4 Property, plant and equipment (cont'd)**

**Company - 2023**

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

<i>In thousands of naira</i>	<b>Leasehold Land and Buildings</b>	<b>Plant and Machinery</b>	<b>Furniture, Fittings and IT equipment</b>	<b>Motor vehicles</b>	<b>Capital Work in Progress (WIP)</b>	<b>Total</b>
<b>Cost</b>						
At 1 June, 2022	14,392,999	25,939,121	3,311,075	9,766	828,946	44,481,907
Additions	-	-	-	-	622,528	622,528
Transfers	39,923	821,076	93,460	-	(954,459)	-
Disposals	-	-	(2,676)	-	-	(2,676)
<b>At 31 May, 2023</b>	<b>14,432,922</b>	<b>26,760,197</b>	<b>3,401,859</b>	<b>9,766</b>	<b>497,015</b>	<b>45,101,759</b>
<b>Depreciation</b>						
At 1 June, 2022	5,432,616	20,790,836	3,111,261	9,766	-	29,344,479
Depreciation for the year	255,758	1,329,073	141,482	-	-	1,726,313
Disposals	-	-	(304)	-	-	(304)
<b>At 31 May, 2023</b>	<b>5,688,374</b>	<b>22,119,909</b>	<b>3,252,439</b>	<b>9,766</b>	<b>-</b>	<b>31,070,488</b>
<b>Cost</b>						
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)
Disposals	(1,364,673)	(27,468)	(150,777)	(471,345)	-	(2,014,263)
<b>At 31 May, 2022</b>	<b>14,392,999</b>	<b>25,939,121</b>	<b>3,311,075</b>	<b>9,766</b>	<b>828,946</b>	<b>44,481,907</b>
<b>Depreciation</b>						
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	2,127,768	1,221,494	12,610	-	-	3,361,872
Disposals	(398,974)	(23,067)	(145,393)	(471,345)	-	(1,038,779)
<b>At 31 May 2023</b>	<b>8,744,548</b>	<b>4,640,288</b>	<b>149,420</b>	<b>-</b>	<b>497,015</b>	<b>14,031,271</b>
<b>At 31 May 2022</b>	<b>8,960,383</b>	<b>5,148,285</b>	<b>199,814</b>	<b>-</b>	<b>828,946</b>	<b>15,137,428</b>

Depreciation expense of N1.28 billion (2022: N1.94 billion) has been charged in 'cost of sales', N0.23 billion (2022: N0.3 billion) in 'selling and distribution expenses' and N0.22 billion (2021: N0.09 billion) in 'administrative expenses'.

Construction work in progress as at 31 May 2023 mainly comprise of new factory lines and plant enhancements.

There was no capitalised borrowing cost during the years ended 31 May 2023 and 31 May 2022.

There were no assets pledged as security for borrowing during the period (2022: 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>	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
Authorised and contracted	1,173,000	639,125
Authorised but not contracted	411,000	280,313
	<b>1,584,000</b>	<b>919,438</b>

**Notes to the consolidated and separate financial statements**

5	Asset held for sale	2023	
		Group	Company
	<b>Cost</b>		
	At 1 June, 2022	590,990	590,990
	Disposal	(590,990)	(590,990)
	<b>At 31 May, 2023</b>	<u>-</u>	<u>-</u>
	<b>Depreciation</b>		
	At 1 June, 2022	-	-
	Transfer from Property, plant and equipment	-	-
	<b>At 31 May, 2023</b>	<u>-</u>	<u>-</u>
	<b>Carrying amounts</b>		
	<b>At 31 May, 2023</b>	<u>-</u>	<u>-</u>
		2022	
		Group	Company
	<b>Cost</b>		
	At 1 June, 2021	-	-
	Transfer from Property, plant and equipment	894,279	894,279
	<b>At 31 May, 2022</b>	<u>894,279</u>	<u>894,279</u>
	<b>Depreciation</b>		
	At 1 June, 2021	-	-
	Transfer from Property, plant and equipment	303,289	303,289
	<b>At 31 May, 2022</b>	<u>303,289</u>	<u>303,289</u>
	<b>Carrying amounts</b>		
	<b>At 31 May, 2022</b>	<u>590,990</u>	<u>590,990</u>

The group, in its attempts to simplify its business through property optimization and rationalization had 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 asset in prior year has been disposed during the year

**Notes to the consolidated and separate financial statements**

**6 Investment property**

	<b>Group</b>	<b>Company</b>
<b>Cost</b>		
At 1 June, 2022	2,470,870	2,470,870
Addition	-	-
<b>At 31 May, 2023</b>	<b><u>2,470,870</u></b>	<b><u>2,470,870</u></b>
<b>Accumulated Depreciation</b>		
At 1 June, 2022	824,131	824,131
Depreciation for the year	56,105	56,105
<b>At 31 May, 2023</b>	<b><u>880,236</u></b>	<b><u>880,236</u></b>
<b>Carrying amounts</b>		
<b>At 31 May, 2023</b>	<b><u>1,590,634</u></b>	<b><u>1,590,634</u></b>
	<b>Group</b>	<b>2022 Company</b>
<b>Cost</b>		
At 1 June, 2021	-	-
Transfer from Property, plant and equipment	2,470,870	2,470,870
<b>At 31 May, 2022</b>	<b><u>2,470,870</u></b>	<b><u>2,470,870</u></b>
<b>Depreciation</b>		
At 1 June, 2021	-	-
Transfer from Property, plant and equipment	824,131	824,131
<b>At 31 May, 2022</b>	<b><u>824,131</u></b>	<b><u>824,131</u></b>
<b>Carrying amounts</b>		
<b>At 31 May, 2022</b>	<b><u>1,646,739</u></b>	<b><u>1,646,739</u></b>

Further to the groups 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 it have been leased in the short term. However, there are 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 N14.90 billion

The fair value was estimated using the cost approach, this provides an indication of value using the economic principle that a buyer will pay no more for an asset than what it will cost him/her to own an equivalent asset of equal utility, whether by purchase or by construction. Thus the total construction cost of a new one is achieved through the application of a current construction rate to the gross floor area including other associated costs which is then depreciated to reflect present physical condition, functional and economic obsolescence on the property before adding the value of the bare site as at the date of valuation.

Notes to the consolidated and separate financial statements

**Leases - Motor Vehicle**

<b>7</b>		<b>Group</b>	<b>Company</b>
	<i>In thousands of naira</i>		
	<b>Right-of-use assets:</b>		
	<b>Cost</b>		
	At 1 June 2022	588,847	453,298
	Additions*	207,000	132,000
	<b>At 31 May 2023</b>	<b>795,847</b>	<b>585,298</b>
	<b>Accumulated Depreciation</b>		
	At 1 June 2022	495,968	388,686
	Charge for the year	96,121	65,097
	<b>At 31 May 2023</b>	<b>592,089</b>	<b>453,783</b>
	<b>Cost</b>		
	At 1 June 2021	556,522	448,698
	Additions*	32,325	4,600
	<b>At 31 May 2022</b>	<b>588,847</b>	<b>453,298</b>
	<b>Accumulated Depreciation</b>		
	At 1 June 2021	355,310	276,979
	Charge for the year	140,658	111,707
	<b>At 31 May 2022</b>	<b>495,968</b>	<b>388,686</b>
	<b>Carrying Amount</b>		
	<b>At 31 May 2023</b>	<b>203,758</b>	<b>131,515</b>
	<b>At 31 May 2022</b>	<b>92,879</b>	<b>64,612</b>

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

<b>8</b>		<b>Group</b>	<b>Company</b>
	<i>In thousands of naira</i>		
	<b>Lease Liability</b>		
	At 1 June 2022	92,879	64,612
	Additions*	207,000	132,000
	Lease Payment	(96,121)	(65,097)
	<b>At 31 May 2023</b>	<b>203,758</b>	<b>131,515</b>
	At 1 June 2021	201,212	171,719
	Additions*	32,325	4,600
	Lease Payment	(140,658)	(111,707)
	<b>At 31 May 2022</b>	<b>92,879</b>	<b>64,612</b>

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.

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

Notes to the consolidated and separate financial statements

**8 Lease Liability (cont'd)**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Non Current	108,131	36,133	70,131	22,668
Current	95,627	56,746	61,384	41,944
	<b>203,758</b>	<b>92,879</b>	<b>131,515</b>	<b>64,612</b>

**c Maturity analysis of Lease Liability**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Year 1	95,627	56,746	61,384	41,944
Year 2	108,131	36,133	70,131	22,668
	<b>203,758</b>	<b>92,879</b>	<b>131,515</b>	<b>64,612</b>

**9 Intangible Assets - Software**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<i>In thousands of naira</i>				
<b>Cost</b>				
At 1 June 2022	1,059,618	1,059,618	1,059,618	1,059,618
Additions	-	-	-	-
<b>At 31 May 2023</b>	<b>1,059,618</b>	<b>1,059,618</b>	<b>1,059,618</b>	<b>1,059,618</b>
<b>Accumulated amortisation</b>				
At 1 June 2022	529,810	423,848	529,810	423,848
Charge for the year	105,961	105,962	105,961	105,962
<b>At 31 May 2023</b>	<b>635,771</b>	<b>529,810</b>	<b>635,771</b>	<b>529,810</b>
<b>Carrying amount</b>				
<b>At 31 May 2023</b>	<b>423,847</b>	<b>529,808</b>	<b>423,847</b>	<b>529,808</b>

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

**10 Investment in Subsidiary**

*In thousands of naira*  
*At 31 May*

				Company	
				2023 504,406	2022 504,406
	Investment amount	Country of incorporation and place of business	Nature of business	Proportion of shares held by Parent & NCI in 2023 & 2022 Parent (%)	NCI (%)
HPZ Limited	504,406	Nigeria	Household electrical appliances Nigeria manufacturer	74.99	25.01

**HPZ Limited**

*In thousands of naira*

	2023	2022
Current assets	62,123,468	28,438,895
Non-current assets	2,066,082	1,662,660
Current liabilities	(43,197,095)	(15,467,184)
Non-current liabilities	(800,458)	(262,281)
Equity attributable to owners of the Company	(15,161,686)	(10,657,769)
Non-controlling interests	(5,030,311)	(3,714,321)
Revenue	46,551,198	41,238,660
Net Expense	(40,731,289)	(38,322,986)
<b>Profit for the year</b>	<b>5,819,909</b>	<b>2,915,674</b>
Profit attributable to owners of the Company	4,364,350	2,186,464
Profit attributable to the non-controlling interests	1,455,559	729,210
<b>Profit for the year</b>	<b>5,819,909</b>	<b>2,915,674</b>
Other comprehensive income attributable to owners of the Company	-	-
Other comprehensive income attributable to the non-controlling interests	-	-
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>
Total comprehensive income attributable to owners of the Company	4,364,350	2,186,464
Total comprehensive income attributable to the non-controlling interests	1,455,559	729,210
<b>Total comprehensive income for the year</b>	<b>5,819,909</b>	<b>2,915,674</b>
Net cash inflow/outflow from operating activities	14,073,162	14,749,855
Net cash inflow/outflow from investing activities	7,376,383	(5,471,835)
Net cash inflow/outflow from financing activities	4,912,775	(35,931)
<b>Net cash outflow</b>	<b>26,362,320</b>	<b>9,242,089</b>

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

**11 Inventories**

*In thousands of naira*

	Group		Company	
	2023	2022	2023	2022
Raw materials and consumables	9,526,437	8,251,342	9,420,094	8,148,863
Finished goods and goods for resale	13,062,856	12,103,916	7,375,141	6,345,204
Engineering spares and other stocks	2,291,735	2,602,489	2,300,460	2,188,156
Goods in transit	4,167,690	3,934,032	826,755	2,581,060
<b>Total</b>	<b>29,048,718</b>	<b>26,891,779</b>	<b>19,922,450</b>	<b>19,263,283</b>

During the year ended 31 May 2023, N750m (2022: N2.20b) 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 N2.2m (2022: N437m).

**Notes to the consolidated and separate financial statements**

**11 Inventories (cont'd)**

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Changes in inventory	(2,156,939)	(3,663,815)	(659,167)	(3,980,587)
Adjusted for non-cash items:				
Obsolescence/ damaged inventory (Note 26a)	(750,292)	(2,200,000)	(733,697)	(2,200,000)
<b>Changes in inventory as shown in the Statements of Cash flow</b>	<b>(2,907,231)</b>	<b>(5,863,815)</b>	<b>(1,392,864)</b>	<b>(6,180,587)</b>

**12 Trade and other receivables**

Receivables due within one year:

	<b>Group</b>		<b>Company</b>	
<i>In thousands of Naira</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Trade receivables	5,731,117	5,882,011	2,682,166	2,522,733
Allowance for impairment of trade receivables (Note 12.1)	(760,164)	(592,188)	(636,235)	(448,312)
<b>Net trade receivables</b>	<b>4,970,953</b>	<b>5,289,823</b>	<b>2,045,931</b>	<b>2,074,421</b>
Due from related party companies (Note 34)	2,884,607	1,290,630	2,840,442	1,290,630
WHT credit note receivable	1,380,125	662,886	950,352	490,300
Other receivables*	2,217,023	1,003,449	1,827,891	892,652
<b>Total</b>	<b>11,452,708</b>	<b>8,246,788</b>	<b>7,664,616</b>	<b>4,748,003</b>

\* Other receivables include amounts receivable for utility services provided to third parties, interest receivables from banks and unclaimed dividend with Company's registrar. These are considered 100% recoverable because the balances are settled within a period of one month except unclaimed dividend, hence no loss allowance was estimated on the outstanding balance.

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)**

The Group has recognised a loss allowance of 100% against some of the 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.

<b>Group</b>		<b>Trade receivables - days past due</b>						<b>Specific</b>	
		<b>Not Due</b>	<b>1-30</b>	<b>31-60</b>	<b>61-90</b>	<b>91-180</b>	<b>&gt; 180</b>	<b>Provision</b>	<b>Total</b>
<b>31 May 2023</b>									
<i>In thousands of Naira</i>									
Expected credit loss rate		1%	1%	4%	11%	28%	86%	100%	
Estimated total gross carrying amount at default		4,262,130	153,803	-	130,777	827,412	288,023	238,806	5,900,951
Lifetime ECL		(26,240)	(2,045)	-	(15,006)	(231,164)	(246,903)	(238,806)	(760,164)
		<b>4,235,890</b>	<b>151,758</b>	<b>-</b>	<b>115,771</b>	<b>596,248</b>	<b>41,120</b>	<b>-</b>	<b>5,140,787</b>
		<b>Trade receivables - days past due</b>						<b>Specific</b>	
		<b>Not Due</b>	<b>1-30</b>	<b>31-60</b>	<b>61-90</b>	<b>91-180</b>	<b>&gt; 180</b>	<b>Provision</b>	<b>Total</b>
<b>31 May 2022</b>									
<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)	(759)	(6,132)	(5,205)	(14,147)	-	(561,692)	(592,188)
		<b>4,193,465</b>	<b>761,254</b>	<b>177,865</b>	<b>77,620</b>	<b>79,618</b>	<b>-</b>	<b>-</b>	<b>5,289,823</b>
<b>Company</b>		<b>Trade receivables - days past due</b>						<b>Specific</b>	
		<b>Not Due</b>	<b>1-30</b>	<b>31-60</b>	<b>61-90</b>	<b>91-180</b>	<b>&gt; 180</b>	<b>Provision</b>	<b>Total</b>
<b>31 May 2023</b>									
<i>In thousands of Naira</i>									
Expected credit loss rate		1%	1%	4%	11%	28%	86%	100%	
Estimated total gross carrying amount at default		1,357,064	153,803	-	110,704	798,534	288,023	143,873	2,852,001
Lifetime ECL		(7,616)	(2,045)	-	(12,702)	(223,096)	(246,903)	(143,873)	(636,235)
		<b>1,349,448</b>	<b>151,758</b>	<b>-</b>	<b>98,002</b>	<b>575,438</b>	<b>41,120</b>	<b>-</b>	<b>2,215,766</b>
		<b>Trade receivables - days past due</b>						<b>Specific</b>	
			<b>1-30</b>	<b>31-60</b>	<b>61-90</b>	<b>91-180</b>	<b>&gt; 180</b>	<b>Provision</b>	<b>Total</b>
<b>31 May 2022</b>									
<i>In thousands of Naira</i>									
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)
		<b>1,550,405</b>	<b>363,761</b>	<b>108,592</b>	<b>16,342</b>	<b>35,321</b>	<b>-</b>	<b>-</b>	<b>2,074,421</b>

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:

	<b>Group</b>	<b>Company</b>
<i>In thousands of Naira</i>		
<b>Balance as at 1 June 2022</b>	(592,188)	(448,312)
Changes in credit risk parameters	(167,976)	(187,923)
<b>Balance at 31 May 2023</b>	(760,164)	(636,235)



**Notes to the consolidated and separate financial statements**

**12.1 Trade receivables impaired (ageing)**

<i>In thousands of Naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Trade receivables impaired (ageing)</b>				
The ageing of impaired trade receivables is as follows:				
Current to 180 days	274,455	30,496	245,459	20,205
Over 180 days	485,709	561,692	390,776	428,107
<b>Total</b>	<b>760,164</b>	<b>592,188</b>	<b>636,235</b>	<b>448,312</b>

The impairment loss as at 31 May 2023 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.

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.

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>	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Balance as at 1 June	-	5,000,000	-	10,368,797
Additions during the year	5,000,000	-	11,296,509	5,451,626
Interest on loan	367,068	239,910	939,136	407,229
Payment within the year	(5,000,000)	(5,000,000)	(4,715,647)	(15,820,423)
Interest received	(367,068)	(239,910)	(939,136)	(407,229)
<b>Balance as at 31 May</b>	<b>-</b>	<b>-</b>	<b>6,580,862</b>	<b>-</b>
Non- Current	-	-	3,422,048	-
Current	-	-	3,158,814	-
	<b>-</b>	<b>-</b>	<b>6,580,862</b>	<b>-</b>

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. The interest rate is 7.5% with a repayment period of thirty-six months.

**Notes to the consolidated and separate financial statements**

**14 Other assets**

*In thousands of Naira*

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Prepayments	166,139	273,282	166,139	273,282
Advances to suppliers	817,047	961,189	817,047	961,189
<b>Total</b>	<b>983,186</b>	<b>1,234,471</b>	<b>983,186</b>	<b>1,234,471</b>

The advances have been made to suppliers to secure supply lines in the course of business. Prepayments relate to advances for twelve months rental accommodation.

	<b>Group</b>		<b>Company</b>	
<i>In thousands of naira</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Non- Current	32,082	47,321	32,082	47,321
Current	951,104	1,187,150	951,104	1,187,150
	<b>983,186</b>	<b>1,234,471</b>	<b>983,186</b>	<b>1,234,471</b>

**15 Deposit for imports**

*In thousands of Naira*

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Deposit for letters of credit	958,058	190,273	9,670	190,273
<b>Total</b>	<b>958,058</b>	<b>190,273</b>	<b>9,670</b>	<b>190,273</b>

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**

*In thousands of Naira*

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Cash in hand	10,071	-	10,071	-
Cash at bank	38,862,062	22,366,914	21,432,010	13,352,556
Short term deposits with banks	62,750,943	30,478,419	37,157,737	22,478,419
<b>Total</b>	<b>101,623,076</b>	<b>52,845,333</b>	<b>58,599,818</b>	<b>35,830,975</b>

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

**17 Share capital**

	<b>2023</b>		<b>2022</b>	
	<b>Number in thousands</b>	<b>Amount N'000</b>	<b>Number in thousands</b>	<b>Amount N'000</b>
<b>Authorised:</b>				
Ordinary shares of 50k each	3,970,476	1,985,238	3,970,476	1,985,238
<b>Allotted, called up and fully paid:</b>				
Ordinary shares of 50k each	3,970,476	1,985,238	3,970,476	1,985,238

**Notes to the consolidated and separate financial statements**

**18 Deferred Income**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Rent received in advance	89,502	65,125	89,502	65,125
	<b>89,502</b>	<b>65,125</b>	<b>89,502</b>	<b>65,125</b>

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

**Deferred Income**

*In thousands of naira*

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Non- Current	84,230	9,145	84,230	9,145
Current	5,272	55,980	5,272	55,980
	<b>89,502</b>	<b>65,125</b>	<b>89,502</b>	<b>65,125</b>

**19 Contract Liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Advance from customers	361,162	1,161,395	361,162	572,350
	<b>361,162</b>	<b>1,161,395</b>	<b>361,162</b>	<b>572,350</b>

Contract 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**

*In thousands of naira*

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Non- Current	-	-	-	-
Current	361,162	1,161,395	361,162	572,350
	<b>361,162</b>	<b>1,161,395</b>	<b>361,162</b>	<b>572,350</b>

**20 Taxation**

	<b>Group</b>		<b>Company</b>	
<i>In thousands of naira</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Income tax expense:</b>				
Company Income Tax in respect of current year	6,214,417	1,176,644	3,125,314	299,265
Education tax in respect of current year	569,554	286,074	307,567	114,432
Capital Gains Tax	563,753	846,120	563,753	846,120
NASENI Levy	-	-	-	-
Police Levy	1,023	500	563	244
Under -provision of prior year tax	283,114	737,331	14,017	279,090
<b>Total current tax</b>	<b>7,631,861</b>	<b>3,046,669</b>	<b>4,011,214</b>	<b>1,539,151</b>
<b>Deferred tax:</b>				
Current year charge to income statement	(1,516,466)	525,509	(1,273,823)	(184,159)
(Over)/Under provision in prior year	-	(263,478)	-	(263,478)
<b>Total deferred tax (Note 21)</b>	<b>(1,516,466)</b>	<b>262,031</b>	<b>(1,273,823)</b>	<b>(447,637)</b>
<b>Income tax expense</b>	<b>6,115,395</b>	<b>3,308,700</b>	<b>2,737,391</b>	<b>1,091,514</b>

## 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: "

<i>In thousands of naira</i>	Group		Company	
	2023	2022	2023	2022
<b>Profit before tax</b>	20,463,740	10,008,025	11,265,827	4,875,166
Income tax using the domestic Company income tax rate of 30% (2022: 30%)	6,139,122	3,002,407	3,379,748	1,462,550
<b>Tax effects of:</b>				
Non-taxable deductions	(1,441,171)	(1,238,886)	(1,528,257)	(1,347,443)
Tertiary education tax	569,554	286,073	307,567	114,432
Capital Gains Tax	563,753	846,120	563,753	846,120
Prior year tax adjustments recognised in current year	-	145,041	-	(251,833)
NASENI and Police Levy	1,023	500	563	244
Provision for uncertain tax	283,114	267,445	14,017	267,445
<b>Total income tax expense in income statement</b>	<b>6,115,395</b>	<b>3,308,700</b>	<b>2,737,391</b>	<b>1,091,514</b>

The current tax charge has been computed at the applicable rate of 30% (31 May 2022: 30%) plus education levy of 2.5% (31 May 2022: 2.5%) 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 donations 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 export profits.

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

<i>In thousands of naira</i>	Group		Company	
	2023	2022	2023	2022
At 1 June	3,697,278	1,894,465	1,459,748	1,105,136
Tax charge for the year	7,348,747	2,309,338	3,997,197	1,260,061
Prior under/(over) provision	283,114	737,331	14,017	279,090
Tax paid during the year	(2,401,590)	(1,243,856)	(1,202,219)	(1,184,539)
<b>Current tax payable</b>	<b>8,927,549</b>	<b>3,697,278</b>	<b>4,268,743</b>	<b>1,459,748</b>

## 21 Deferred Taxation

<i>In thousands of naira</i>	Group		Company	
	2023	2022	2023	2022
The analysis of deferred tax liabilities is as follows:				
Deferred tax liability to be recovered after more than 12 months	3,561,854	5,078,502	4,086,413	5,360,236
<i>In thousands of naira</i>	Group		Company	
	2023	2022	2023	2022
As at 1 June	5,078,502	4,816,471	5,360,236	5,807,873
Prior year adjustment	(182)	-	-	-
Charged/(credited) to income statement (Note 20)	(1,516,466)	262,031	(1,273,823)	(447,637)
As at 31 May	<b>3,561,854</b>	<b>5,078,502</b>	<b>4,086,413</b>	<b>5,360,236</b>

Notes to the consolidated and separate financial statements

**21 Deferred Taxation (cont'd)**

	Group			Company		
<i>In thousands of naira</i>	Property, plant and equipment	Provisions	Total	Property, plant and equipment	Provisions	Total
<b>At 1 June 2022</b>	<b>(471,798)</b>	<b>5,288,269</b>	<b>4,816,471</b>	<b>2,554,747</b>	<b>3,253,126</b>	<b>5,807,873</b>
(Credited)/charged to income statement	169,395	92,637	262,031	(124,226)	(323,410)	(447,636)
<b>At 31 May 2022</b>	<b>(302,403)</b>	<b>5,380,906</b>	<b>5,078,502</b>	<b>2,430,521</b>	<b>2,929,716</b>	<b>5,360,237</b>
(Credited)/charged to income statement	(44,054)	(1,472,594)	(1,516,648)	(48,292)	(1,225,532)	(1,273,824)
<b>At 31 May 2023</b>	<b>(346,457)</b>	<b>3,908,311</b>	<b>3,561,854</b>	<b>2,382,229</b>	<b>1,704,184</b>	<b>4,086,413</b>

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	
<i>In thousands of naira</i>	2023	2022	2023	2022
Deferred tax liabilities	4,086,413	5,360,236	4,086,413	5,360,236
Deferred tax assets	(524,559)	(281,734)	-	-
<b>Net deferred tax liabilities</b>	<b>3,561,854</b>	<b>5,078,502</b>	<b>4,086,413</b>	<b>5,360,236</b>

**22 Warranty provisions**

Warranty provisions

	Group		Company	
	2023	2022	2023	2022
Warranty provisions	381,313	363,388	-	-
	<b>381,313</b>	<b>363,388</b>	-	-
<i>In thousands of naira</i>	Group		Company	
	2023	2022	2023	2022
At 1 June	363,388	406,840	-	-
Charged to the income statement	176,815	385,727	-	-
Utilised in the year	(158,890)	(429,179)	-	-
Warranty provisions at 31 May	<b>381,313</b>	<b>363,388</b>	-	-
The ageing of the warranty provision is as follows:				
Within 12 months	72,234	114,571	-	-
Greater than 12 months	309,079	248,817	-	-
<b>Total</b>	<b>381,313</b>	<b>363,388</b>	-	-

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).

**23 Trade and other payables**

	Group		Company	
<i>In thousands of naira</i>	2023	2022	2023	2022
Trade payables	10,313,971	4,616,152	1,472,563	2,499,298
Unclaimed Dividend (Note 23.1)	1,817,272	1,597,570	1,817,272	1,597,570
Accruals*	7,536,204	8,341,028	4,063,589	6,265,830
Amount owed to subsidiary	-	-	-	4,157,648
Amounts owed to related parties**	58,358,492	43,755,618	45,547,740	32,243,179
Sundry Creditors***	1,917,796	2,682,185	1,579,941	1,717,792
<b>Total</b>	<b>79,943,735</b>	<b>60,992,553</b>	<b>54,481,105</b>	<b>48,481,317</b>

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.

**Notes to the consolidated and separate financial statements**

**23 Trade and other payables (cont'd)**

\* Included in the amounts reported as accruals relates to customer rebates of about N1.54bn (2022:N1.12bn); Duty and clearing costs amount to N1.37bn (2022: N1.33bn), VAT liability N1.85bn (2022: N2.9bn) in both Company and Group.

\*\* Transactions which relates to amount owed to related parties are disclosed in Note 34.

\*\*\* Included in the amount reported as sundry creditors relates mainly to customer deposit with Company.

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Changes in trade and other payables	18,951,181	14,318,831	5,999,787	7,295,883
Adjusted for non-cash items:				
Statute barred dividend transferred to retained earnings (Note 23.1b)	282,065	264,145	282,065	264,145
Transfer to intercompany dividend payable WHT Inclusive (Note 23.1b)	(2,938,443)	-	(2,938,443)	-
Foreign exchange loss (Note 26b)	(2,423,925)	-	(1,631,755)	-
Global shared services support (Note 26a)	(2,990,168)	(3,254,113)	(2,990,168)	(1,447,276)
Technical Know, R&D support, Trade mark & Management fees (Note 26a)	(3,221,286)	(2,646,058)	(3,221,286)	(2,646,058)
<b>Changes in trade and other payables as shown in the Statements of Cash flow</b>	<b>7,659,424</b>	<b>8,682,805</b>	<b>(4,499,800)</b>	<b>3,466,694</b>

**23.1 Unclaimed Dividend**

**23.1a** The following dividends were declared by the Group during the year

	<b>Group</b>		<b>Company</b>	
<i>In thousands of naira</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Declared in 2023 is Nil (2022:N1.01) per qualifying ordinary share	-	4,000,000	-	4,000,000

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

After the end of the reporting period, dividend proposed was Nil (2022: N1.01) per qualifying ordinary share of 3,970,477,000 (2022: 3,970,477,000) was proposed by the directors (2022: N4 billion). The dividends have not been provided for and there are no income tax consequences until the dividend is declared.

**23.1b Movement in Unclaimed Dividend**

	<b>Group</b>		<b>Company</b>	
<i>In thousands of naira</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Balance at 1 June	1,597,570	1,915,611	1,597,570	1,915,611
Dividend declared with respect to prior year	4,010,182	992,620	4,010,182	992,620
Transfer to intercompany dividend payable WHT Inclusive (Due Group Company)	(2,938,443)	-	(2,938,443)	-
Payments during the year to First Registrars Non-Group shareholders WHT inclusive	(1,071,739)	(992,620)	(1,071,739)	(992,620)
Unpaid dividend received (see (ii) below)	33,512	-	33,512	-
Dividend amount with Registrar for distribution recognised	515,398	-	515,398	-
Refund of overdrawn dividend payments (see (iii) below)	(47,143)	(53,896)	(47,143)	(53,896)
Statute barred dividend transferred to retained earnings (see (i) below)	(282,065)	(264,145)	(282,065)	(264,145)
<b>Balance at 31 May</b>	<b>1,817,272</b>	<b>1,597,570</b>	<b>1,817,272</b>	<b>1,597,570</b>

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.

**Notes to the consolidated and separate financial statements**

**24 Deliverable forwards**

*In thousands of Naira*

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Deliverable forwards	4,056,791	431,803	383,725	324,820
<b>Total</b>	<b>4,056,791</b>	<b>431,803</b>	<b>383,725</b>	<b>324,820</b>

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. The deliverable forwards was measured at cost.

**25 Borrowings**

*In thousands of Naira*

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Borrowing from parent company (Note 25a)	18,735,092	-	18,735,092	-
Trade obligation with banks (Note 25b)	5,277,304	-	-	-
	<b>24,012,396</b>	<b>-</b>	<b>18,735,092</b>	<b>-</b>

**Borrowings**

*In thousands of naira*

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Non- Current	18,735,092	-	18,735,092	-
Current	5,277,304	-	-	-
	<b>24,012,396</b>	<b>-</b>	<b>18,735,092</b>	<b>-</b>

**25a Borrowings from parent company**

*In thousands of Naira*

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Balance as at 1 June	-	-	-	-
Additions	17,031,902	-	17,031,902	-
Foreign currency revaluation adjustment	1,703,190	-	1,703,190	-
Payment	-	-	-	-
Balance as at 31 May	<b>18,735,092</b>	<b>-</b>	<b>18,735,092</b>	<b>-</b>

The borrowings relate to loan received from ultimate parent company - PZ Cussons (Holding) Limited, UK, in July 2022 based on agreement signed in June 2022. The facility amount is \$40.26 million, and it is non-interest bearing.

**25b Trade obligation with banks**

*In thousands of Naira*

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Balance as at 1 June	-	-	-	-
Additions	5,277,304	-	-	-
Foreign currency revaluation adjustment	-	-	-	-
Payment	-	-	-	-
Balance as at 31 May	<b>5,277,304</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Notes to the consolidated and separate financial statements

## 25b Trade obligation with banks (cont'd)

The Company is involved in trade financing arrangements with some local banks where the banks agree to pay amounts to foreign vendors in respect of invoices owed by the Company and receives settlement from the Company at a later date. The principal purpose of the arrangement is to facilitate efficient payment processing in view of the challenges being experienced with sourcing foreign currency in the Nigerian market. The arrangement enables the Company settle its foreign obligations in a timely manner to facilitate receipt of key input materials required in the production of finished goods. The total amount paid by the bank are due to be settled by the Company within one year at an average interest charge of LIBOR+8%.

## 26a Expense by nature

	Group		Company	
<i>In thousands of naira</i>	2023	2022	2023	2022
Changes in inventories of finished goods and work in progress	66,038,407	61,060,929	34,599,992	33,962,545
Obsolescence/ damaged inventory	750,292	2,200,000	733,697	2,200,000
Personnel expenses (Note 31.4)	8,011,158	7,528,781	6,130,708	5,884,694
Fuel and gas	5,169,222	2,876,937	4,972,148	2,811,552
Depreciation (Note 4)	1,954,256	2,329,868	1,782,418	2,132,763
Depreciation - Right-of-use (Note 7)	96,121	140,658	65,097	111,707
Amortization charge - Intangible assets ( Note 9)	105,961	105,962	105,961	105,962
Auditors remuneration*	261,107	120,206	180,379	90,871
Directors emoluments (Note 31.1)	300,261	268,387	300,261	268,387
Rent and rates	434,848	249,715	290,613	249,715
Insurance	416,417	354,949	386,375	327,004
Freight/carriage cost	4,331,674	2,881,236	2,599,434	1,751,051
Security services	226,604	229,290	221,372	225,850
PZ Foundation donation	50,000	50,015	50,000	50,015
Global shared services support (Note 34.2)	2,990,168	3,254,113	2,990,168	1,447,276
Vehicle repairs and maintenance	101,828	430,382	96,083	331,303
Technical Know, R&D support, Trade mark & Management fees (Note 33)	3,221,286	2,646,058	3,221,286	2,646,058
Advertising and market promotions	2,432,622	2,358,226	2,112,447	1,822,933
Impairment of trade receivables (Note 12.1)	167,976	149,054	187,922	86,538
Building & plant maintenance	1,490,060	1,074,120	1,204,869	948,180
Impairment of PPE	-	3,361,872	-	3,361,872
General and other expenses	2,236,348	1,904,500	1,567,652	1,603,407
	<b>100,786,616</b>	<b>95,575,258</b>	<b>63,798,882</b>	<b>62,419,683</b>
Selling and distribution expenses	11,720,884	10,017,575	8,054,946	6,950,684
Impairment of trade receivables (Note 12.1)	167,976	149,054	187,922	86,538
Administrative expenses	7,881,879	10,206,473	6,902,928	8,284,397
	<b>100,786,616</b>	<b>95,575,258</b>	<b>63,798,882</b>	<b>62,419,683</b>

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



**Notes to the consolidated and separate financial statements**

**26b Foreign exchange loss**

<i>In thousands of naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Foreign exchange loss	<b>4,953,665</b>	<b>4,159,595</b>	<b>3,808,074</b>	<b>1,419,868</b>

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

**27 Other income**

<i>In thousands of naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Scrap sales and rental income	460,082	258,733	460,082	399,305
Profit on disposal of fixed assets	5,943,576	8,865,457	5,943,383	8,865,444
Sundry income	937,899	288,163	908,334	254,225
	<b>7,341,557</b>	<b>9,412,353</b>	<b>7,311,799</b>	<b>9,518,974</b>

The profit on disposal relates mainly to sales of non-core residential properties in Ikoyi, Lagos state. N6.532 billion was received as consideration from the sales of the properties resulting in profit on disposal of N5.941billion.

At the close of the 2022 financial year, the management committed to a plan to sell none core residential assets. Most of the assets had been sold except one. Accordingly, the remaining property was presented as 'Asset held for sales' at a carrying amount of N591 million as at 31 May 2022 with efforts to sell the asset already at an advance stage. The sale is was concluded in November 2022 which falls into the second quarter of the 2022/23 financial year(see note 38).

**28 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 29). 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>	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Home and personal care products	67,413,111	58,264,660	67,413,111	58,264,660
Durable electrical appliances	46,551,198	41,238,660	-	-
<b>Total</b>	<b>113,964,309</b>	<b>99,503,320</b>	<b>67,413,111</b>	<b>58,264,660</b>

## Notes to the consolidated and separate financial statements

### 29 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:

#### 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.

#### 29.1 Segment revenues and profits

The following is an analysis of the Group's revenue and results by reportable segment in 2023:

<b>As at May 2023</b>	<b>Home and Personal Care Products</b>	<b>Durable electrical appliances</b>	<b>Eliminations</b>	<b>Total</b>
<i>In thousands of naira</i>				
<b>Revenue</b>				
Total gross segment revenue	67,413,111	46,551,198	-	113,964,309
Intersegment revenue	-	-	-	-
<b>Total Revenue</b>	<b>67,413,111</b>	<b>46,551,198</b>	<b>-</b>	<b>113,964,309</b>
Segment operating profit	(193,845)	8,417,873	-	8,224,028
Depreciation (Note 4)	(1,782,418)	(171,838)	-	(1,954,256)
Interest income (Note 35)	4,149,329	1,083,787	-	5,233,116
Interest cost (Note 35)	(1,456)	(333,508)	-	(334,962)
<b>Profit before taxation</b>	<b>11,265,827</b>	<b>9,197,913</b>	<b>-</b>	<b>20,463,740</b>
Taxation (Note 20)	(2,737,391)	(3,378,004)	-	(6,115,395)
<b>Profit after taxation</b>	<b>8,528,436</b>	<b>5,819,909</b>	<b>-</b>	<b>14,348,345</b>

**Notes to the consolidated and separate financial statements**

**29.1 Segment revenues and profits (cont'd)**

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

<b>As at May 2022</b>	<b>Home and Personal Care Products</b>	<b>Durable electrical appliances</b>	<b>Eliminations</b>	<b>Total</b>
<i>In thousands of naira</i>				
<b>Revenue</b>				
Total gross segment revenue	58,264,660	41,238,660	-	<b>99,503,320</b>
<b>Total Revenue</b>	<b>58,264,660</b>	<b>41,238,660</b>	-	<b>99,503,320</b>
Segment operating loss	(5,574,891)	5,343,358	-	(231,533)
Depreciation (Note 4)	(2,132,763)	(197,105)	-	(2,329,868)
Interest income (Note 35)	933,042	73,871	(170,771)	836,143
Interest cost (Note 35)	(1,959)	(177,751)	170,771	(8,938)
<b>Profit before taxation</b>	<b>4,875,166</b>	<b>5,132,859</b>	-	<b>10,008,025</b>
Taxation (Note 20)	(1,091,514)	(2,217,186)	-	(3,308,700)
<b>Profit after taxation</b>	<b>3,783,652</b>	<b>2,915,673</b>	-	<b>6,699,325</b>

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 N113.8 billion (2022: N96.57 billion) and the total of revenue from external customers from other countries is N2.19 billion (2022: N2.93 billion) (Note 29.5). There were no intersegment sales in the current year (2022: Nil).

**29.2 Segment assets**

<b>As at May 2023</b>	<b>Home and Personal Care Products</b>	<b>Durable electrical appliances</b>	<b>Eliminations</b>	<b>Total</b>
<i>In thousands of naira</i>				
Property plant and equipment (Note 4)	14,031,271	1,469,280		15,500,551
Intangible assets (Note 8)	423,847	-		423,847
Financial assets (Note 3.1)	72,448,504	43,473,780		115,922,284
Inventory (Note 11)	19,922,450	9,126,267		29,048,718
<b>Total segment assets</b>	<b>106,826,072</b>	<b>54,069,327</b>	-	<b>160,895,399</b>
Unallocated assets	3,999,927	1,974,965	(504,406)	5,470,486
<b>Consolidated total assets</b>	<b>110,826,000</b>	<b>56,044,292</b>	<b>(504,406)</b>	<b>166,365,886</b>

<b>As at May 2022</b>	<b>Home and Personal Care Products</b>	<b>Durable electrical appliances</b>	<b>Eliminations</b>	<b>Total</b>
<i>In thousands of naira</i>				
Property plant and equipment (Note 4)	15,137,428	1,352,659	-	16,490,087
Intangible assets (Note 8)	529,808	-	-	529,808
Loan receivables	-	-	-	-
Financial assets (Note 3.1)	41,374,687	20,447,541	-	61,822,228
Inventory (Note 11)	19,263,284	7,628,495	-	26,891,779
<b>Total segment assets</b>	<b>76,305,207</b>	<b>29,428,695</b>	-	<b>105,733,902</b>
Unallocated assets	3,570,328	672,860	(504,406)	3,738,782
<b>Consolidated total assets</b>	<b>79,875,535</b>	<b>30,101,555</b>	<b>(504,406)</b>	<b>109,472,684</b>

**Notes to the consolidated and separate financial statements**

**29.2 Segment assets (cont'd)**

The total segment assets located in Nigeria is N166.5 billion (2022: N109.5 billion), and the total of such segment assets located in other countries is Nil (2022: 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.

**29.3 Other segment information**

	<b>Group</b>			
	<b>Depreciation and amortisation</b>		<b>Additions to non-current assets</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<i>In thousands of naira</i>				
Home and Personal Care Products	2,060,217	2,238,725	967,285	718,792
Durable Electrical Appliances	163,690	197,105	288,652	6,470
	<b>2,223,907</b>	<b>2,435,830</b>	<b>1,255,937</b>	<b>725,262</b>

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.

**29.4 Revenues from major products**

The Group's revenues from its major products and are disclosed in Note 28.

**29.5 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**

	<b>Revenue from external</b>	
	<b>2023</b>	<b>2022</b>
<i>In thousands of naira</i>		
Domestic (within Nigeria)	111,775,676	96,573,321
Export (outside Nigeria)	2,188,633	2,929,999
<b>Total revenue from contract with customers</b>	<b>113,964,309</b>	<b>99,503,320</b>

**Company**

	<b>Revenue from external customer</b>	
	<b>2023</b>	<b>2022</b>
<i>In thousands of naira</i>		
Domestic (within Nigeria)	65,224,479	55,334,661
Export (outside Nigeria)	2,188,632	2,929,999
<b>Total revenue from contract with customers</b>	<b>67,413,111</b>	<b>58,264,660</b>

The total value of non-current assets from which revenue was derived are: Group N18.3 billion (2022: N19.01 billion), Company N20.13 billion (2022: 17.88 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.

**Notes to the consolidated and separate financial statements**

**29.6 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.

**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.

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit attributable to equity holders of parent company (N'000)	12,892,786	5,970,115	8,528,436	3,783,652
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)	3.25	1.50	2.15	0.95

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

**31 Directors and employees emoluments**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>31.1</b> <i>In thousands of naira</i>				
Chairman and director's emoluments:				
Chairman	12,150	9,300	12,150	9,300
Directors	288,111	259,087	288,111	259,087
<b>Total</b>	<b>300,261</b>	<b>268,387</b>	<b>300,261</b>	<b>268,387</b>
As fees (As per Non-Executive Directors)	5,950	5,050	5,950	5,050
Other emoluments (As per Non-Executive Directors)	37,000	21,700	37,000	21,700
Emoluments As per Executive Directors	257,311	241,637	257,311	241,637
<b>Total</b>	<b>300,261</b>	<b>268,387</b>	<b>300,261</b>	<b>268,387</b>

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:

**Notes to the consolidated and separate financial statements**

**31.2.1 Executive Directors**

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
N30,000,001 - N40,000,000	2	1	2	1
N40,000,001 - N50,000,000	-	1	-	1
N100,000,001 - N130,000,000	-	-	-	-
N130,000,001 - N160,000,000	-	1	-	1
N160,000,001 - N190,000,000	1	-	1	-
<b>Directors with salaries and allowances as emoluments</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>3</b>

**31.2.2 Non-Executive Directors**

N1,000,000 - N5,000,000	-	1	-	1
N5,000,001 - N10,000,000	4	3	4	3
N10,000,001 - N15,000,000	1	-	1	-
<b>Directors with fees and emoluments</b>	<b>5</b>	<b>4</b>	<b>5</b>	<b>4</b>
Directors with no emoluments	2	2	2	2
<b>Total</b>	<b>10</b>	<b>9</b>	<b>10</b>	<b>9</b>

**31.3 Highest paid director received**  
*In thousands of naira*

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Highest paid director received	<b>189,944</b>	<b>163,641</b>	<b>189,944</b>	<b>163,641</b>

**31.4 Personnel expenses**

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

	<b>Group</b>		<b>Company</b>	
<i>In thousands of naira</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Salaries, wages and other employee expenses	7,117,585	6,678,080	5,443,649	5,229,161
Pension costs - defined contribution plan	548,634	512,937	410,964	385,101
Pension costs - gratuity scheme	344,939	337,764	276,095	270,432
<b>Total</b>	<b>8,011,158</b>	<b>7,528,781</b>	<b>6,130,708</b>	<b>5,884,694</b>

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

**Notes to the consolidated and separate financial statements**

**31.4 Personnel expenses (cont'd)**

- (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:

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
N1,000,000 and below	0	26	0	21
N1,000,001 - N1,500,000	0	7	0	5
N1,500,001 - N2,000,000	44	52	3	17
N2,000,001 - N2,500,000	559	528	404	382
N2,500,001 - N3,000,000	135	166	82	99
N3,000,001 - N3,500,000	9	21	6	14
N3,500,001 - N4,000,000	25	24	25	22
N4,000,001 and above	224	216	172	165
	<b>996</b>	<b>1040</b>	<b>692</b>	<b>725</b>

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

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>Number</b>	<b>Number</b>	<b>Number</b>	<b>Number</b>
Production	688	631	488	467
Sales and distribution	190	293	95	162
Administration	118	116	109	96
	<b>996</b>	<b>1040</b>	<b>692</b>	<b>725</b>

**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:

**Notes to the consolidated and separate financial statements**

**32 Contingencies (cont'd)**

**a Assets (cont'd)**

**Export Expansion Grant scheme (EEG) (cont'd)**

- (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*

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
NDCC with NEPC (awaiting conversion to ECC)	297,492	297,492
New ECC issued yet be utilised	2,608	-
Export Rebate filed with Government	3,807,636	3,375,174
	<b><u>4,107,736</u></b>	<b><u>3,672,666</u></b>
NDCC with NEPC (awaiting conversion to ECC) held on behalf related entities	352,508	352,508
<b>Total - NDCC and Export rebates receivable</b>	<b><u>4,460,244</u></b>	<b><u>4,025,174</u></b>

**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 N0.52 billion as at 31 May 2023 (2022: N1.98 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 N64.1 million relating to uncertain tax provisions(UTP) in line IFRIC 23.

**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 N38.3 billion (2022: N19.75 billion).



**Notes to the consolidated and separate financial statements**

**32 Contingencies (cont'd)**

**Capital commitments**

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

	<b>Group</b>		<b>Company</b>	
<i>In thousands of naira</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Authorised and contracted	1,675,000	650,551	1,173,000	639,125
Authorised but not contracted	411,000	280,313	411,000	280,313
<b>Total</b>	<b>2,086,000</b>	<b>930,864</b>	<b>1,584,000</b>	<b>919,438</b>

**33 Technical service fee**

The technical, IT & trade mark 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).

<b>NOTAP Approved Items</b>	<b>Bases</b>	<b>Rates</b>	<b>2023</b>	<b>2022</b>
Technical Knowhow	Net Sales of Company Sales	3%	2,169,900	1,764,039
Technical service(R & D)	Net Sales of Company Sales	1%	723,300	588,013
Trade mark	Net Sales of Company Sales	0.5%	361,650	294,006
<b>Sub total</b>			<b>3,254,850</b>	<b>2,646,058</b>
IT Recharge			2,990,168	3,254,113
<b>Total</b>			<b>6,245,018</b>	<b>5,900,171</b>

\* 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

**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% (2022: 73.27%) of the group and company's shares. The remaining 26.73% (2022: 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 2023 (31 May 2022: 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 10.

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

**Notes to the consolidated and separate financial statements**

**34 Related party transactions (cont'd)**

**34.1 Group and company (cont'd)**

<b>Name</b>	<b>Nature of relationship</b>
- 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	Joint venture of parent company
- PZ Coolworld Limited	Fellow subsidiary

**34.2 Transactions with related parties**

**Purchase of goods and services**

	<b>Group</b>		<b>Company</b>	
<i>In thousands of naira</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Purchases of goods from joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (parent company)**:				
- PZ Cussons International Limited	-	-	-	-
- Seven Scent Limited	2,883,116	2,621,289	2,883,116	2,621,289
- PZ Cussons Singapore Private Limited	14,175,844	25,378,294	10,007,582	7,960,281
- PZ Cussons Indonesia	8,961	424	8,961	424
- PZ Cussons Thailand	-	29,565	-	29,565
- PZ Wilmar Limited	7,885,217	7,984,723	7,885,217	7,984,723
	<b>24,953,138</b>	<b>36,014,295</b>	<b>20,784,876</b>	<b>18,596,282</b>
	<b>Group</b>		<b>Company</b>	
<i>In thousands of naira</i>	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Purchases of services from PZ Cussons (Holdings) Limited (parent company)**:				
- R& D Support - PZ Cussons International Limited	672,837	588,013	672,837	588,013
- Technical Knowhow fees - PZ Cussons International Limited	2,212,030	1,764,039	2,212,030	1,764,039
- Trade Mark - PZ Cussons International Limited	336,419	294,006	336,419	294,006
	<b>3,221,286</b>	<b>2,646,058</b>	<b>3,221,286</b>	<b>2,646,058</b>
Recharge of services from PZ Cussons (Holdings) Limited (parent company)				
- Global shared services support	2,990,168	3,254,113	2,990,168	1,447,276
<b>Total</b>	<b>31,164,592</b>	<b>41,914,466</b>	<b>26,996,330</b>	<b>22,689,616</b>
<b>Sales of goods</b>				
- PZ Cussons Ghana Limited	2,084,710	3,108,278	2,084,710	3,108,278
	<b>2,084,710</b>	<b>3,108,278</b>	<b>2,084,710</b>	<b>3,108,278</b>
<b>Recharge of service cost recovery- Distribution fees:</b>				
- HPZ Limited (Subsidiary)	-	-	3,858,318	3,410,761
- Harefield Industrial Nigeria Limited	807,174	811,576	807,174	811,576
<b>Sub -total A</b>	<b>807,174</b>	<b>811,576</b>	<b>4,665,492</b>	<b>4,222,337</b>
<b>Recharge of local shared services by PZ Cussons Nigeria Plc</b>				
- HPZ Limited (Subsidiary)	-	-	3,672,781	3,242,525
- Harefield Industrial Nigeria Limited	768,359	771,546	768,359	771,546
<b>Sub -total B</b>	<b>768,359</b>	<b>771,546</b>	<b>4,441,140</b>	<b>4,014,071</b>
<b>Net Recharge/Recovery of service cost (A-B)*</b>	<b>38,815</b>	<b>40,030</b>	<b>224,352</b>	<b>208,266</b>
<b>Total</b>	<b>2,123,525</b>	<b>3,148,308</b>	<b>2,309,062</b>	<b>3,316,544</b>

\* Net recharge/recovery of service is included in cost of sales.

**Notes to the consolidated and separate financial statements**

**34 Related party transactions (cont'd)**

**34.2 Transactions with related parties**

**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.

	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<i>In thousands of naira</i>				
Due to:				
<b>- Subsidiaries of PZ Cussons Nigeria Plc</b>				
- HPZ Limited	-	-	1,564,398	4,157,648
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>1,564,398</b>	<b>4,157,648</b>
<b>- Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited UK **</b>				
- PZ Cussons International Limited	25,279,300	19,230,088	25,241,245	19,195,787
- Seven Scent Limited	6,000,923	4,614,083	6,000,923	4,616,083
- PZ Cussons Singapore Private Limited	23,489,533	17,477,548	9,152,439	5,999,410
- PZ Cussons (Holdings) Limited	3,586,501	941,902	3,586,501	941,902
- PZ Cussons Indonesia	-	-	-	-
- PZ Cussons (Thailand) Limited	2,235	9,751	2,234	9,751
- PZ Cussons India Private Limited	-	-	-	-
- Minerva SA Limited, Greece	-	-	-	-
- PZ Cussons Ghana Limited	-	-	-	-
- PZ Cussons East Africa Limited	-	-	-	-
- Nutricima Limited	-	-	-	-
- Harefield Industrial Nigeria Limited	-	1,240,386	-	1,240,386
- PZ Wilmar Limited	-	241,860	-	241,860
- PZ Coolworld Limited	-	-	-	-
<b>Sub Total</b>	<b>58,358,492</b>	<b>43,755,618</b>	<b>43,983,342</b>	<b>32,245,179</b>
<b>Total</b>	<b>58,358,492</b>	<b>43,755,618</b>	<b>45,547,740</b>	<b>36,402,827</b>
Due from:				
<b>- Subsidiaries of PZ Cussons Nigeria Plc</b>				
- HPZ Limited	-	-	-	-
<b>Joint ventures of PZ Cussons</b>				
- PZ Wilmar Limited	-	-	-	-
	-	-	-	-
<b>** Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited, UK</b>				
- PZ Cussons International Limited	-	-	-	-
- PZ Cussons Ghana Limited	97,218	724,648	97,218	724,648
- Harefield Industrial Nigeria Limited	1,898,941	-	1,854,776	-
- PZ Wilmar Limited	888,448	565,982	888,448	565,982
<b>Sub Total</b>	<b>2,884,607</b>	<b>1,290,630</b>	<b>2,840,442</b>	<b>1,290,630</b>
<b>Total</b>	<b>2,884,607</b>	<b>1,290,630</b>	<b>2,840,442</b>	<b>1,290,630</b>
Loan due from:				
<b>- Subsidiaries of PZ Cussons Nigeria Plc</b>				
- HPZ Limited	-	-	6,580,862	-
	-	-	<b>6,580,862</b>	-

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

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.

Loan receivable relates to cash advance made to HPZ Limited. 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. The interest rate is 7.5% with a repayment period of thirty-six months

**Notes to the consolidated and separate financial statements**

**34 Related party transactions (cont'd)**

**34.2 Transactions with related parties (cont'd)**

**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, it's 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 (2022: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.

**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 average rate of 9.75% 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 2023 and 31 May 2022.

The Group and company earned 367.1 million (2022: N239.9 million) and N939.1 million (2022: 407.2 million) respectively on short-term advances to related parties. All inter-company interest 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 and PZ Wilmar Limited) outside of the PZ Cussons Nigeria Plc Group.

In thousands of naira	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
<b>Interest paid to related companies</b>				
Nutricima Limited	-	-	-	-
	-	-	-	-
<b>Interest paid to banks</b>	<b>(334,961)</b>	<b>(8,939)</b>	<b>(1,456)</b>	<b>(1,959)</b>
<b>Total interest Cost</b>	<b>(334,961)</b>	<b>(8,939)</b>	<b>(1,456)</b>	<b>(1,959)</b>
<b>Interest earned from related companies;</b>				
HPZ Limited	-	-	674,068	-
Harefield Industrial Nigeria Limited	-	-	-	167,319
PZ Wilmar Limited	367,068	239,910	265,068	239,910
	<b>367,068</b>	<b>239,910</b>	<b>939,136</b>	<b>407,229</b>
<b>Interest earned from banks</b>	<b>4,866,048</b>	<b>596,234</b>	<b>3,210,193</b>	<b>525,813</b>
<b>Total Interest income</b>	<b>5,233,116</b>	<b>836,144</b>	<b>4,149,329</b>	<b>933,042</b>
<b>Net finance (cost)/Income</b>	<b>4,898,154</b>	<b>827,204</b>	<b>4,147,873</b>	<b>931,084</b>

**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 2022 was paid during the year ended 31 May 2023 while dividend for the year ended 31 May 2021 was paid during the year ended 31 May 2022. 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, dividend proposed in respect of the year ended 31 May 2023 was Nil. 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 statement.

**37 Board changes**

Mrs. Ifueko Marina Omoigui Okauru, MFR	Chairman, Independent Non-Executive Director(Appointed w.e.f 25 January 2023)
Mr. Gbenga Oyeboode	Chairman, Independent Non-Executive Director(resigned w.e.f 25 January 2023)
Mr. Panagiotis Katsis	Managing Director / Chief Executive Officer(Retired w.e.f 31 May 2023)
Mr. Dimitris Kostianis	Managing Director / Chief Executive Officer(Appointed w.e.f 1 June 2023)
Mr. Paul Usoro, SAN	Non - Executive Director(Retired w.e.f 25 January 2023)
Mr. Zuber Momoniat	Executive Director(Resigned w.e.f 31 December 2022)
Mallam Ballama Manu	Independent Non-Executive Director (Appointed w.e.f 21 November 2022)
Mrs. Oluwatoyin Odutayo	Independent Non-Executive Director (Appointed w.e.f 21 November 2022)

**38 Other income - Profit from sale of non core residential estate at Ikoyi, Lagos State**

At the close of the 2022 financial year, the management committed to a plan to sell none core residential assets. Most of the assets had been sold except one. Accordingly, the remaining property was presented as 'Asset held for sales' at a carrying amount of N591 million as at 31 May 2022 with efforts to sell the asset already at an advance stage. The sale is was concluded in November 2022; and it relates to 4A &B Gerrard Road, Ikoyi. The profit realised from the property amounted N5.94 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 2023 that have not been adequately provided for or disclosed in the financial statements.

**Notes to the consolidated and separate financial statements**

**40.1 Impact of foreign exchange rates unification policy**

The Nigerian Government's change in the foreign currency exchange rate policy as announced by the Central Bank of Nigeria (CBN) on 14 June 2023 resulted in the devaluation of the Naira relative to other currencies. The business has had to revalue its foreign denominated assets and liabilities in line the policy. The impact of the revaluation has resulted in foreign exchange significant losses in 2023/24 financial year. It has adversely impacted the Group's retained earnings which could limit the company's ability to pay dividends in the future (See impact analysis below at end of September 2023).

	<u>Group</u>	<u>Company</u>
<b>In thousands of naira</b>		
Share capital	1,985,239	1,985,239
Share Premium	6,878,268	6,878,268
Retained earnings	<u>34,853,830</u>	<u>20,287,934</u>
 Total equity/Net Assets before FX loss	 43,717,337	 29,151,441
 Year to date Loss due majorly to foreign exchange loss revaluation	 <u>(38,384,735)</u>	 <u>(26,337,973)</u>
 Revised Total equity/Net assets after FX loss	 <u>5,332,602</u>	 <u>2,813,468</u>

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 2023, and its financial performance for the year then ended, that have not been adequately provided for or disclosed in these financial statements.

**40.2 PZ Cussons (Holdings) Limited's offer to acquire shares held by other shareholders of PZ Cussons Nigeria Plc**

On the 4th of September 2023, PZ Cussons Nigeria Plc had notified the Nigerian Exchange Limited ("NGX") and the investing public that PZ Cussons (Holdings) Limited, UK (the "Core Shareholder") has informed the Board of Directors of the Company (the "Board") of its intention to acquire the shares held by all the other shareholders of the Company, subject to prevailing market conditions, at an offer price of ₦21 per share (the "Proposed Transaction"). The Proposed Transaction is however, subject to the consideration and approval of the Board, the Company's shareholders and requisite regulatory authorities.

As disclosed in the offer, the essence of the transaction is to significantly simplify and strengthen operations in Nigeria, creating the foundations for the Nigerian business to deliver against its strategy, building a more agile and innovative business. PZ Cussons has been present in Nigeria since 1899 and expects the country to remain an important market for the Group for many years to come.

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 2023, and its financial performance for the year then ended, that have not been adequately provided for or disclosed in these financial statements.

**OTHER NATIONAL DISCLOSURE**

**Value added statement**

<i>In thousands of naira</i>	<b>Group</b>		<b>Company</b>	
	<b>2023</b>	<b>%</b>	<b>2022</b>	<b>%</b>
Revenue	113,964,309		99,503,320	
Other income	7,341,557		9,412,353	
Interest income	5,233,116		836,143	
Brought-in-materials and services:				
- Imported	(67,759,222)		(64,009,089)	
- Local	(27,813,563)		(25,620,495)	
<b>Value added</b>	<b>30,966,197</b>	<b>100</b>	<b>20,122,232</b>	<b>100</b>
Applied as follows:				
<b>To pay employees:</b>				
- Salaries, wages and other benefits	8,011,158	26%	7,528,781	37%
<b>To pay government:</b>				
- Income and education taxes	7,631,861	25%	3,046,668	15%
<b>To pay providers of capital:</b>				
- Interest cost	334,961	1%	8,939	0%
<b>Retained for replacement of assets and business growth:</b>				
- Deferred taxation	(1,516,466)	-5%	262,031	1%
- Depreciation	1,954,256	6%	2,329,868	12%
- Depreciation - Right-of-use-asset	96,121	0%	140,658	1%
- Amortization (Intangible assets)	105,961	0%	105,962	1%
- Non controlling interest	1,455,559	5%	729,210	4%
Profit attributable to equity Profit holders of equity	12,892,786	42%	5,970,115	29%
	<b>30,966,197</b>	<b>100%</b>	<b>20,122,232</b>	<b>100%</b>

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>	<b>2023</b>	<b>2022</b>	<b>2021 Restated</b>	<b>2020 Restated</b>	<b>2019 Restated</b>
<b>Statement of financial position:</b>					
Non-current assets	18,275,431	19,088,568	26,730,823	28,704,103	29,238,544
Current assets	148,090,455	89,793,126	60,614,048	49,329,595	49,757,715
Assets held for sale	-	590,990	-	-	-
<b>Total asset</b>	<b><u>166,365,886</u></b>	<b><u>109,472,684</u></b>	<b><u>87,344,871</u></b>	<b><u>78,033,698</u></b>	<b><u>78,996,259</u></b>
Equity attributable to equity holders of parent	43,329,747	34,165,079	28,923,439	27,760,630	37,817,407
Non-controlling interest	5,030,311	3,574,752	2,845,542	2,625,695	3,083,438
Non-current liabilities	23,322,945	5,654,331	6,164,221	6,718,819	7,020,573
Current liabilities	94,682,883	66,078,522	49,411,669	40,928,554	31,074,841
<b>Total equity and liabilities</b>	<b><u>166,365,886</u></b>	<b><u>109,472,684</u></b>	<b><u>87,344,871</u></b>	<b><u>78,033,698</u></b>	<b><u>78,996,259</u></b>
<i>In thousands of naira</i>	<b>2023</b>	<b>2022</b>	<b>2021 Restated</b>	<b>2020 Restated</b>	<b>2019 Restated</b>
Turnover	113,964,309	99,503,320	82,577,540	66,992,561	74,336,468
Profit / (Loss) before taxation	20,463,740	10,008,025	3,191,562	(7,938,652)	1,942,447
Profit / (Loss) after taxation (attributable to owners of the company)	<u>14,348,345</u>	<u>6,699,325</u>	<u>1,559,857</u>	<u>(7,208,211)</u>	<u>(2,505,908)</u>
<b>Per 50K Share</b>					
Earnings/(Loss) per share (Naira)	<u>3.28</u>	<u>1.50</u>	<u>0.39</u>	<u>(1.74)</u>	<u>(0.63)</u>
Net assets per share (Naira)	<u>10.91</u>	<u>8.57</u>	<u>8.70</u>	<u>8.38</u>	<u>10.30</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.

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>	<b>2023</b>	<b>2022</b>	<b>2021 Restated</b>	<b>2020 Restated</b>	<b>2019 Restated</b>
<b>Statement of financial position:</b>					
Non-current assets	20,135,803	17,930,314	24,670,721	26,084,725	27,240,922
Current assets	90,690,197	61,354,231	44,697,987	31,532,097	35,159,182
Assets held for sale	-	590,990	-	-	-
<b>Total asset</b>	<b>110,826,000</b>	<b>79,875,535</b>	<b>69,368,708</b>	<b>57,616,822</b>	<b>62,400,104</b>
Equity attributable to equity holders of parent	28,672,468	23,872,147	20,816,970	20,312,446	28,996,665
Non-controlling interest	-	-	-	-	-
Non-current liabilities	22,975,866	5,392,049	5,874,032	6,390,999	6,944,253
Current liabilities	59,177,666	50,611,339	42,677,706	30,913,377	26,459,186
<b>Total equity and liabilities</b>	<b>110,826,000</b>	<b>79,875,535</b>	<b>69,368,708</b>	<b>57,616,822</b>	<b>62,400,104</b>
<i>In thousands of naira</i>	<b>2023</b>	<b>2022</b>	<b>2021 Restated</b>	<b>2020 Restated</b>	<b>2019 Restated</b>
Turnover	67,413,111	58,264,660	47,832,559	38,939,223	47,200,919
Profit/(Loss) before taxation	11,265,827	4,875,166	1,633,844	(6,346,857)	1,127,391
Profit/(Loss) after taxation (attributable to owners of the company)	8,528,436	3,783,652	901,573	(5,936,025)	(2,938,973)
<b>Per 50K Share</b>					
(Loss)/Earnings per share (Naira)	2.15	0.95	0.23	(1.50)	(0.74)
Net assets per share (Naira)	7.22	6.01	5.24	5.70	7.30

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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