PZ CUSSONS NIGERIA PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 MAY 2021

Table of Contents

Corporate information

Board of Directors

Mr. G. Oyebode, MFR	-	Chairman, Non - Executive Director (Appointed w.e.f 11 December, 2020)
Chief (Dr) K.B. Jamodu, CFR	-	Chairman, Non - Executive Director (Retired w.e.f 11 December, 2020)
Mr. P. Usoro, SAN	-	Non - Executive Director
Mr. L. Batagarawa	-	Non - Executive Director (Retired w.e.f 11 December, 2020)
Mrs. E. Ebi	-	Independent Non-Executive Director
Mrs. I.M.O Okauru, MFR	-	Independent Non-Executive Director (Appointed w.e.f 1 April 2021)
Mallam D. Muhammad	-	Independent Non-Executive Director (Resigned w.e.f 29 January 2021)
Mr. P. Katsis	-	Managing Director / Chief Executive Officer
Ms. J. Coker	-	Executive Director
Mr. G. Sotiropoulos (Greek)	-	Executive Director (Retired w.e.f 31 May, 2021)
Mr. Z. Momoniat	-	Executive Director

Company Secretary / Legal Adviser
Mrs. Jacqueline Ezeokwelume

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

Registration Number
RC 693

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

Independent Auditors
Deloitte & Touche (Chartered Accountants)
Civic Towers,
Plot GA1, Ozumba Mbadiwe Avenue
Victoria Island, Lagos, Nigeria

Financial highlights

In thousands of naira	The Group 2021	2020 Restated	% Change
Revenue	82,577,540	66,992,561	23%
Operating profit/(loss)	1,194,365	(7,968,524)	115%
Profit/(Loss) before taxation	3,439,364	(7,938,652)	143%
Taxation	(1,743,911)	730,441	-339%
Profit/(Loss) after tax	1,695,453	(7,208,211)	124%
Non-controlling interest	219,847	(318,174)	169%
Profit/(Loss) attributable to equity holders of parent company	1,475,606	(6,890,037)	121%
At year end:			
Share capital	1,985,238	1,985,238	0%
Total equity	34,555,591	33,257,186	4%
Data per 50k share			
Based on 3,970,477,045 ordinary shares of 50k each:			
Basic and diluted earnings per share (Naira)	0.37	(1.74)	121%
Number of employees	1,182	1,302	-9%
Stock exchange quotations in Naira (Company):			
	5.3	5.5	-4%
As at 31 May			

Report of the Directors

Report of the Directors

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 2021 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.

Report of the Directors

The following is the summary of the group's operating result as at 31 May 2021

	2021	2020 Restated	Change %
	N'000	N'000	
Revenue	82,577,540	66,992,561	23%
Operating profit/(loss)	1,194,365	(7,968,524)	115%
Profit/(Loss) before taxation	3,439,364	(7,938,652)	143%
Taxation	(1,743,911)	730,441	-339%
Profit/(Loss) for the year	1,695,453	(7,208,211)	124%
Non-controlling interest	219,847	(318,174)	169%
Profit/(Loss) attributable to equity holders of parent company	1,475,606	(6,890,037)	121%

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 also distributes products of Nutricima Limited, Harefield Industrial Nigeria Limited and PZ Wilmar Food Limited (Now PZ Wilmar Limited as PZ Wilmar Food Limited was absorbed by former during the year).

Directors and their interest

The directors who served during the year 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 as amended, and in compliance with the Listing Requirements of the Nigerian Stock Exchange are as follows:

Directors	2021	2020
Mr. G. Oyebode, MFR	Nil	Nil
Chief K. B. Jamodu, CFR (Retired)	3,566,880	3,566,880
Mr. L. Batagarawa (Retired)	20,706	20,706
Mrs. E. Ebi	Nil	Nil
Ms. J.F Coker	3,889	3,889
Mallam D. Muhammad (Resigned)	Nil	Nil
Mr. P. Usoro SAN	1,000,000	1,000,000
Mrs. I.M.O. Okauru, MFR	59,713	Nil
Mr. G. Sotiropoulos (Retired)	Nil	Nil
Mr. P. Katsis	Nil	Nil
Mr. Z. Momoniat	Nil	Nil

There were no changes to the above holdings as at 10th August 2021.

Interest in contracts

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

Directors' report (cont'd)

Directors for re-election
In accordance with Article 90 of the Group's Articles of Association and Section 285 of the Companies and Allied Matters Act 2020 as amended, one third of the number of Directors, based on the length of stay in the office must retire at the Annual General Meeting. They may offer themselves for re-election. Accordingly, Paul Usoro, SAN, Mrs. Elizabeth Ebi and Ms. Joyce F. Coker will be retiring at the meeting. Paul Usoro, SAN and Ms. Joyce F. Coker being eligible, have offered themselves for re-election. Mrs. Elizabeth Ebi however, will be retiring at this General Meeting. Mrs. Ifueko M. Omoigui Okauru, MFR was appointed to the Board after the last Annual General Meeting. Her appointment is now being presented for Shareholders' approval.

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

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

At every quarterly meeting, the directors are provided with comprehensive reports of the activities of the various business units as well as important corporate events. They are also briefed on all business developments between meetings. The Board met four times during the 2021 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 eleven (11) times in the course of the year under review. The record of attendance of the Directors at the meetings is set below:

	6/3/2020	6/9/2020	7/28/2020	8/13/2020	9/25/2020	9/28/2020	10/26/2020	11/3/2020	12/11/2020	12/17/2021	3/25/2021
Mr. G. Oyebode, MFR*	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**ü**	**ü**	**ü**
Chief K. B. Jamodu *	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**R**	**R**	**R**
Mr. C. Giannopoulos *	**ü**	**ü**	**R**	**R**	**R**	**R**	**R**	**R**	**ü**	**R**	**R**
Mrs. E. Ebi	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**
Mallam D. Muhammad *	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**R**
Mr. L. Batagarawa *	**ü**	**ü**	**ü**	**AB**	**ü**	**ü**	**ü**	**ü**	**ü**	**R**	**R**
Mr. P. Usoro	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**
Ms. J.F. Coker	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**
Mrs. I.M.O. Okauru *	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**	**NA**
Mr. G. Sotiropoulos *	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**AB**	**ü**
Mr. Z. Momoniat	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**
Mr. P. Katsis	**NA**	**NA**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**ü**	**Ü**	**ü**

ü Present
AB Absent
R Retired
NA Not Appointed

* Mr. G. Oyebode, MFR became a member on 11 December 2020.
* Chief (Dr) K. B. Jamodu, CFR retired on 11 December 2020.
* Mr. L. Batagarawa retired on 11 December 2020.
* Mallam D. Muhammad retired on 29 January 2021.
* Mrs. I.M.O Okauru, MFR became a member on 01 April 2021.
* Mr G. Sotiropoulos (Greek) retired on 31 May 2021.

Major Shareholdings
According to the Register of members as at 31 May 2021, PZ Cussons (Holdings) Limited UK held 2,909,349,788 shares. This represents 73.27% of the paid-up capital of the Group.

Analysis of Shareholdings

Range	No. of Shareholders	Holders %	Units	% Units
1 - 1000	25,129	33.03%	10,674,047	0.27
1001 - 5000	23,248	30.55%	57,465,697	1.45
5001 - 10000	11,477	15.08%	88,047,916	2.22
10001 - 50000	13,902	18.27%	285,246,636	7.18
50001 - 100000	1,240	1.63%	88,115,477	2.22
100001 - 500000	921	1.21%	180,311,130	4.54
500001 - 1000000	86	0.11%	60,545,284	1.52
1000001 - 5000000	76	0.10%	160,273,586	4.04
5000001 - 10000000	2	0.00%	15,539,318	0.39
10000001- 500000000	5	0.01%	114,908,166	2.89
500000001- 100000000	1	0.00%	82,442,840	2.08
100000001- 3970477045	1	0.00%	2,826,906,948	71.20
	76,088	**100%**	**3,970,477,045**	**100**

Apart from PZ Cussons (Holdings) Limited, UK, no other shareholder held more than 5% of the paid-up capital of the Group as at 31 May 2021.

Directors' report (cont'd)

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

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

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

Mrs. I.M.O. Okauru, MFR	-	Chairman
Mr. L. Batagarawa	-	Chairman (Retired)
Mr. P. Katsis	-	Member
Mrs. E. Ebi	-	Member
Mr. G. Sotiropoulos	-	Retired

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

Name	No. of meetings held	No. of meetings attended
Mrs. I.M.O. Okauru, MFR*	**3**	**Nil**
Mr. L. Batagarawa	**3**	**1**
Mrs. E. Ebi	**3**	**3**
Mr. G. Sotiropoulos*	**3**	**3**
Mr. P. Katsis	**3**	**3**

The meetings were held on 23 September 2020, 16 December 2020 and 24 March 2021.

* Mrs. Ifueko Omoigui Okauru, MFR became a member on 01 April 2021
* Mr. G. Sotiropoulos retired 31 May 2021

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

The Committee members are:

Mr. P. Usoro, SAN	Chairman
Mr. C. Giannopoulos	Retired
Mrs. I.M.O. Okauru, MFR*	Member
Ms. J.F. Coker	Member
Mr. D. Muhammad	Retired
Mr. G. Sotiropoulos	Retired
Mr. P. Katsis	Member

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

Name	No. of meetings held	No. of meetings attended
Mr. P. Usoro	**2**	**2**
Mr. C. Giannopoulos	**2**	**Nil**
Ms. J.F. Coker	**2**	**2**
Mallam D. Muhammad*	**2**	**2**
Mr. P. Katsis	**2**	**2**
Mrs. I.M.O. Okauru, MFR*	**2**	**Nil**

The meetings were held on 24 September 2020, and 15 December 2020.

* Mallam D. Muhammad retired on 29 January 2021
* Mrs. I.M.O. Okauru became a member on 01 April 2021

Directors' report (cont'd)

Statutory Audit Committee
The Committee is established to perform the functions listed in Section 404 (7) of the Companies and Allied Matters Act 2020 as amended. 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 Control and representatives of Deloitte & Touche, the Group's external auditors.

The following directors served on the Committee during the year:

Mrs. E. Ebi	-	Chairman
Mr. L. Batagarawa	-	Retired
Mr. P. Usoro, SAN	-	Member

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

Name	No. of meetings held	No. of meetings attended
Mrs. E. Ebi	**3**	**3**
Mr. O.I. Obarinde	**3**	**3**
Mr. E.A. Akinduro	**3**	**3**
Hon. B. Nwabughogu	**3**	**3**
Mr. L. Batagarawa *	**3**	**1**
Mr. P. Usoro, SAN *	**3**	**1**
Mr. G. Sotiropoulos*	**3**	**2**

The meetings were held on 23 September 2019, 16 December 2020 and 24 March 2021.

* Mr. L. Batagarawa retired on 11 December 2020.
* Mr. G. Sotiropoulos left the Committee on 29 January 2021.
* Mr. P. Usoro, SAN became a member on 29 January 2021.

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

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

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

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

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

Directors' report (cont'd)

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

The specific issues reserved for the Board include:

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

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

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

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

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

Board Evaluation
The Board has established a system to undertake a formal annual evaluation of its performance, that of its Committees and the individual directors. The Board appointed Ernst & Young to conduct the board evaluation on areas such as the ability of the Board to fulfil its general supervisory roles, preparation of members for meetings, participation at meetings, quality of proposals made by members at meetings etc. The questionnaires and interview sessions for the year ended 31 May 2021 was completed by members and the summary of the results compiled by Ernst & Young and submitted to the Board.

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

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

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

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

Directors' report (cont'd)

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 Declared
A final dividend in respect of the year ended 31 May 2021 of 25 kobo per share amounting to a total dividend of N992.6 Million was declared at the board meeting held on 20 October 2021 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 6 distribution depots 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 program of product improvement and new product introduction.

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

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

Gifts and Donations
During 2021, the Group contributed N50million (2020: N50million) 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 as amended, 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.

Directors' report (cont'd)

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

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

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

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

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

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

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

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

Dated the 20 October 2021

BY ORDER OF THE BOARD

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

Statement of Directors responsibilities

The Directors of PZ Cussons Nigeria PLC are responsible for the preparation of the consolidated and separate financial statements that gives a true and fair view of the financial position of the Group and Company as at 31 May 2021, 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 as amended and the Financial Reporting Council of Nigeria Act, 2011.

In preparing these 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.

Certification of financial statements
In accordance with section 405 of the Companies and Allied Act of Nigeria, 2020 as amended the Chief Executive Officer and the Chief Financial Officer certify that the 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 Group and Company as of and for, the periods covered by the audited financial statements

We state that management and directors:

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

We have disclosed:

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

Statement of Directors responsibilities (cont'd)

The consolidated and separate financial statements of the Group and Company for the year ended 31 May 2021 were approved by the Directors on 20 October 2021.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Gbenga Oyebode, MFR	**Mr. Panagiotis Katsis**	**Mr. Zuber Momoniat**
Chairman	**Chief Executive Officer**	**Executive Director**
FRC/2013/ICAN/00000001617	**FRC/2020/003/00000021969**	**FRC/2018/IODN/00000018772**

Report of the Audit Committee

To the members of PZ Cussons Nigeria Plc

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

a) Reviewing the scope and planning of the audit requirements and found them adequate

b) Reviewing the financial statements for the year ended 31 May 2021 and are satisfied with the explanations obtained;

c) Reviewing the external auditors' management letter for the year ended 31 May 2021 and are satisfied that management is taking appropriate steps to address the issues raised; and

d) Ascertaining that the accounting and reporting policies for the year ended 31 May 2021 are in accordance with legal requirements and agreed ethical practices

The external auditors confirmed having received full cooperation from the Company's management and that the scope of their work was not restricted in any way.

____
Mrs. E. Ebi
FRC/2014/CISN00000008003

20 October 2021

Members of the Audit Committee

Mrs. E. Ebi (Chairman)	Independent Non-Executive Director
Mr. O.I. Obarinde	Shareholders' representative
Mr. E.A. Akinduro	Shareholders' representative
Hon. B. Nwabughogu	Shareholders' representative
Mr. P. Usoro, SAN	Non-Executive Director

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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 accompanying consolidated and separate financial statements of **PZ Cussons Nigeria Plc** ("the Company") and its subsidiary (together referred to as the group) set out on pages 5 to 87, which comprise the consolidated and separate statements of financial position as at 31 May 2021, the consolidated and separate statements of profit or loss and other comprehensive income, the consolidated and separate statements of changes in equity, the consolidated and separate statement 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 2021 and its consolidated and separate financial performance and consolidated and separate statement of 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 Act, 2011.

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 Consolidated and Separate 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 the Consolidated and Separate Financial Statements in Nigeria.

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

Key Audit Matter

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

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Treatment of Export Expansion Grant (EEG) Receivable and Unutilised Negotiable Duty Credit Certificates (NDCC)	
Previously, Export Expansion Grant (EEG) receivable is recognised upon receipt of export proceeds into the country within a period not later than 300 days from the date of related export sales while unutilised Negotiable Duty Credit Certificate (NDCC) is recognised on issuance of certificates by the Nigerian Export Promotion Council (NEPC) for the settlement of EEG receivable. In the last 7 years, the EEG scheme has not been operating as designed based on the following: • Exporters have not been able to obtain significant amount of certificates for valid EEG claims submitted to the Nigerian Export Promotion Council (NEPC) – the Federal Government of Nigeria (FGN) agency responsible for the administration of EEG Scheme) since January 2014 till date. • The NEPC stopped issuance of NDCC for settlement of EEG Receivable in January 2014 and offered to start issuing Export Credit Certificate (ECC) as a replacement from 2017. • Previously issued NDCC in the custody of beneficiaries remained unutilised for more than 7 years due to non-acceptance of the NDCC by the Nigerian Customs Service for settlement of import duties in lieu of cash. On the above basis, management has re-evaluated the recognition policy and determined that the receipt of EEG should now be treated as contingent assets when the criteria for submission of the claim is met and necessary application filed. The ECC will only be recognised in the period received and at which time the grant will be recognised as part of other income in the financial statements. Consequently, the previously recognized EEG receivable and NDCC balance was de-recognised and the previous year's financial statements restated in line with the provisions of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) and contingent assets recognized in line with the provisions of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) as shown in Note 26 and Note 29a respectively. This is considered a key audit matter in both the consolidated and separate financial statements.	• We obtained an understanding of the group's accounting policy on EEG and ECC and evaluated it for compliance with the requirements of International Accounting Standards; IAS 20 – Government Grant, IFRS 9 – Financial Instruments, IAS 37 - Provisions, Contingent Liabilities and Contingent Assets and the Nigerian Export Promotion Council (NEPC) Act. • We evaluated the impact of the guideline on EEG issued in 2017 by NEPC and the request for submission of the NDCC for onward conversion to government sovereign bonds and reviewed documentation from management confirming that the requested information have been submitted to NEPC. • We reviewed the entity's new assessment leading to the change in EEG treatment and the related accounting policy. • We reviewed the restatement made in the financial statements to effect the revised recognition policy and the derecognition of EEG receivable and NDCC previously recorded in the financial statements for compliance with the company's accounting policy. We checked that the restatement is in line with IAS 8 -Accounting Policies, Changes in Accounting Estimates and Errors. • We reviewed the disclosure in the financial statements relating to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. Management's recognition and disclosure with respect to EEG in the financial statements were found to be appropriate.

Other Information

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

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

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

Deloitte.

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 2020, the Financial Reporting Council of Nigeria Act 2011 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 skepticism 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 the audit committee and the directors 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 the audit committee and directors 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 the audit committee and the directors, we determine the matter that was of most significance in the audit of the financial statements of the current year and is therefore the key audit matter. We describe the matter 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 benefits derivable by the public from such communication.

Report on Other Legal and Regulatory Requirements

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

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group have kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position, statements of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Hassan Lawal, FCA - FRC/2013/ICAN/000000001382
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
21 **October 2021**

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

		Group		Company	
In thousands of naira	**Note**	**2021**	**2020 Restated**	**2021**	**2020 Restated**
Revenue	24b	82,577,540	66,992,561	47,832,559	38,939,223
Cost of sales	23a	(59,484,304)	(58,324,628)	(35,497,947)	(34,358,901)
Gross profit		**23,093,236**	**8,667,933**	**12,334,612**	**4,580,322**
Selling and distribution expenses	23a	(9,326,467)	(10,076,456)	(6,408,829)	(6,284,547)
Impairment of trade receivables	23a	(85,064)	(137,242)	(53,313)	(113,907)
Administrative expenses	23a	(6,536,553)	(5,476,899)	(4,820,086)	(4,661,517)
Exchange loss	23b	(5,950,787)	(945,860)	(1,791,086)	(248,873)
Operating profit/(loss)		**1,194,365**	**(7,968,524)**	**(738,702)**	**(6,728,522)**
Other income	24a	2,077,916	179,135	2,224,638	319,761
Interest income	32	238,563	304,971	408,039	338,419
Interest cost	32	(71,480)	(454,234)	(12,329)	(276,515)
Profit/(Loss) before tax		**3,439,364**	**(7,938,652)**	**1,881,646**	**(6,346,857)**
Income tax expense	18	(1,743,911)	730,441	(1,064,324)	410,832
Profit/(Loss) for the year		**1,695,453**	**(7,208,211)**	**817,322**	**(5,936,025)**
Total comprehensive income/(expense) for the year		**1,695,453**	**(7,208,211)**	**817,322**	**(5,936,025)**
Equity holders of the parent company		1,475,606	(6,890,037)	817,322	(5,936,025)
Non-controlling interest		219,847	(318,174)	-	-
		1,695,453	**(7,208,211)**	**817,322**	**(5,936,025)**
Basic and diluted earnings/(loss) per share (kobo)	27	0.37	(1.74)	0.21	(1.50)

The accompanying notes on pages 10 to 83 form an integral part of these financial statements.

Consolidated and separate statement of financial position
As at 31 May 2021

		Group			Company		
In thousands of naira	Note	2021	2020 Restated	1 June 2019 Restated	2021	2020 Restated	1 June 2019 Restated
Assets							
Non-current assets							
Property, plant and equipment	4	24,670,097	26,190,242	27,340,861	23,126,484	24,628,863	25,858,961
Right-of-use assets	5	201,212	275,042	-	171,719	209,724	-
Intangible assets	6	635,770	741,732	847,694	635,770	741,732	847,694
Investment in subsidiary	7	-	-	-	504,406	504,406	504,406
Deferred taxation	19	991,402	1,497,087	1,020,128	-	-	-
Other long-term receivables	8	113,937	-	29,861	113,937	-	29,861
Total non-current assets		**26,612,418**	**28,704,103**	**29,238,544**	**24,552,316**	**26,084,725**	**27,240,922**
Current assets							
Inventories	9	23,227,964	26,258,699	28,599,056	15,282,696	15,654,747	19,168,436
Trade and other receivables	10	9,899,883	8,016,571	13,281,886	4,954,070	4,087,173	8,028,500
Loan receivables	11	5,000,000	2,049,000	1,883,900	10,368,797	2,049,000	3,464,576
Other assets	12	1,404,984	1,010,312	1,270,003	1,271,027	849,486	920,003
Deposits for imports	13	32,227	497,114	2,204,023	32,227	15,463	1,590,536
Derivatives	22	582,967	704,961	-	95,293	302,906	-
Cash and cash equivalents	14	20,584,428	10,792,938	2,518,847	12,812,282	8,573,322	1,987,131
Total current assets		**60,732,453**	**49,329,595**	**49,757,715**	**44,816,392**	**31,532,097**	**35,159,182**
Total assets		**87,344,871**	**78,033,698**	**78,996,259**	**69,368,708**	**57,616,822**	**62,400,104**
Equity and liabilities							
Equity							
Share capital	15	1,985,238	1,985,238	1,985,238	1,985,238	1,985,238	1,985,238
Share premium		6,878,269	6,878,269	6,878,269	6,878,269	6,878,269	6,878,269
Retained earnings		22,706,973	21,628,415	28,953,900	14,181,959	13,761,685	20,133,158
Equity attributable to equity holders of parent company		31,570,480	30,491,922	37,817,407	23,045,466	22,625,192	28,996,665
Non-controlling interest		2,985,111	2,765,264	3,083,438	-	-	-
Total equity		**34,555,591**	**33,257,186**	**40,900,845**	**23,045,466**	**22,625,192**	**28,996,665**
Liabilities							
Non-current liabilities							
Deferred income	16	5,025	6,605	-	5,025	6,605	-
Contract liabilities	17	-	54,442	-	-	-	-
Deferred taxation	19	6,430,305	6,292,507	6,944,253	6,430,305	6,292,507	6,944,253
Warranty provisions	20	281,817	245,418	76,320	-	-	-
Lease liability	5.1	69,506	119,847	-	61,134	91,887	-
Total non-current liabilities		**6,786,653**	**6,718,819**	**7,020,573**	**6,496,464**	**6,390,999**	**6,944,253**
Current liabilities							
Trade and other payables	21	43,736,025	37,200,556	29,343,428	38,347,605	28,037,464	25,835,801
Loan payables		-	-	1,173,870	-	-	248,870
Deferred income	16	72,787	20,827	-	72,787	20,827	-
Contract liabilities	17	513,965	-	-	203,764	-	-
Current taxation payable	18	1,423,121	581,685	374,515	1,092,037	424,503	374,515
Warranty provisions	20	125,023	99,430	183,028	-	-	-
Lease liability	5.1	131,706	155,195	-	110,585	117,837	-
Total current liabilities		**46,002,627**	**38,057,693**	**31,074,841**	**39,826,778**	**28,600,631**	**26,459,186**
Total liabilities		**52,789,280**	**44,776,512**	**38,095,414**	**46,323,242**	**34,991,630**	**33,403,439**
Total equity and liabilities		**87,344,871**	**78,033,698**	**78,996,259**	**69,368,708**	**57,616,822**	**62,400,104**

These financial statements were approved by the Board of Directors on 20 October 2021 and signed on its behalf by:

Mr. Gbenga Oyebode, MFR	**Mr. Panagiotis Katsis**	**Mr. Zuber Momoniat**	**Mr. Evans Eghosa Enabulele**
Chairman	**Chief Executive Officer**	**Executive Director**	**Head, Financial Reporting & Accounting**
FRC/2013/ICAN/00000001617	**FRC/2020/003/00000021969**	**FRC/2018/IODN/00000018772**	**FRC/2017/ICAN/00000017126**

The accompanying notes on pages 10 to 83 form an integral part of these financial statements.

Consolidated statement of changes in equity

		Group				
		Attributable to owners				
In thousands of naira	Notes	Share capital	Share premium	Retained earnings	Non-controlling interest	Total equity
Balance at 1 June 2020 - restated		1,985,238	6,878,269	21,628,415	2,765,264	33,257,186
		1,985,238	**6,878,269**	**21,628,415**	**2,765,264**	**33,257,186**
Comprehensive income for the year						
Profit for the year		-	-	1,475,606	219,847	1,695,453
Total comprehensive income for the year		**-**	**-**	**1,475,606**	**219,847**	**1,695,453**
Transactions with owners						
Dividend declared during the year ended 31 May 2020	21.1a	-	-	(397,048)	-	(397,048)
Unclaimed divided forfeited	21.1b	-	-	-	-	-
Total transactions with owners, recorded directly in equity		-		(397,048)		(397,048)
Balance at 31 May 2021		**1,985,238**	**6,878,269**	**22,706,973**	**2,985,111**	**34,555,591**
Balance at 1 June 2019 as originally presented		1,985,238	6,878,269	30,279,904	3,091,549	42,234,960
Effect of EEG adjustment	26	-	-	(1,326,004)	(8,111)	(1,334,115)
Restated balance at 1 June 2019		**1,985,238**	**6,878,269**	**28,953,900**	**3,083,438**	**40,900,845**
Comprehensive income for the year						
Loss for the year - restated		-	-	(6,890,037)	(318,174)	(7,208,211)
Total comprehensive income for the year		**-**	**-**	**(6,890,037)**	**(318,174)**	**(7,208,211)**
Transactions with owners						
Dividend declared during the year ended 31 May 2019	21.1a	-	-	(595,572)	-	(595,572)
Unclaimed divided forfeited	21.1b	-	-	160,124	-	160,124
Total transactions with owners, recorded directly in equity		-	-	(435,448)	-	(435,448)
Balance at 31 May 2020 - restated		**1,985,238**	**6,878,269**	**21,628,415**	**2,765,264**	**33,257,186**

The accompanying notes on pages 10 to 83 form an integral part of these financial statements.

Separate statement of consolidated changes in equity

		Company			
		Attributable to owners			
In thousands of naira	Notes	Share capital	Share premium	Retained earnings	Total equity
Balance at 1 June 2020 - restated		1,985,238	6,878,269	13,761,685	22,625,192
		1,985,238	**6,878,269**	**13,761,685**	**22,625,192**
Comprehensive income for the year					
Profit for the year		-	-	817,322	817,322
Total comprehensive income for the year		**-**	**-**	**817,322**	**817,322**
Transactions with owners					
Dividend declared during the year ended 31 May 2020	21.1a			(397,048)	(397,048)
Unclaimed divided forfeited	21.1b	-	-	-	-
Total transactions with owners, recorded directly in equity				(397,048)	(397,048)
Balance at 31 May 2021		**1,985,238**	**6,878,269**	**14,181,959**	**23,045,466**
Balance at 1 June 2019 as originally presented		1,985,238	6,878,269	21,435,747	30,299,254
Effect of EEG adjustment	26	-	-	(1,302,589)	(1,302,589)
Restated balance at 1 June 2019		**1,985,238**	**6,878,269**	**20,133,158**	**28,996,665**
Comprehensive loss for the year					
Loss for the year - Restated		-	-	(5,936,025)	(5,936,025)
Total comprehensive loss for the year		**-**	**-**	**(5,936,025)**	**(5,936,025)**
Transactions with owners					
Dividend declared during the year ended 31 May 2019	21.1a			(595,572)	(595,572)
Unclaimed divided forfeited	21.1b	-	-	160,124	160,124
Total transactions with owners, recorded directly in equity				(435,448)	(435,448)
Balance at 31 May 2020 - restated		**1,985,238**	**6,878,269**	**13,761,685**	**22,625,192**

The accompanying notes on pages 10 to 83 form an integral part of these financial statements.

Consolidated and separate statement of cash flows

		Group		Company	
In thousands of naira	**Note**	**2021**	**2020 Restated**	**2021**	**2020 Restated**
Cash flow from operating activities					
Profit/(Loss) before tax		3,439,364	(7,938,652)	1,881,646	(6,346,857)
Adjustments for:					
Depreciation of property, plant & equipment	4	2,595,617	2,690,254	2,409,494	2,496,349
Write off of property, plant & equipment	4	420	-	420	-
Depreciation right-of-use	5	164,948	190,362	129,123	147,856
Amortization of intangible asset	6	105,962	105,962	105,962	105,962
Profit on disposal of PPE	24a	(1,898,883)	(1,500)	(1,898,883)	(1,500)
Withholding tax utilized	18	-	(178,671)	-	(178,671)
ECC utilised during the year	18,26	-	(11,814)	-	(11,814)
Effect of foreign exchange rate changes		(748,508)	-	(241,010)	-
Interest expense	32	71,480	454,234	12,329	276,515
Interest income	32	(238,563)	(304,971)	(408,039)	(338,419)
		3,491,837	**(4,994,796)**	**1,991,042**	**(3,850,579)**
Change in:					
Inventories		3,030,735	2,340,357	372,051	3,513,689
Trade and other receivables		(1,883,312)	5,265,315	(866,897)	3,941,327
Other assets		(394,672)	259,691	(421,541)	70,517
Other Long-term receivables		(113,937)	29,861	(113,937)	29,861
Deposit for imports		464,887	1,706,909	(16,764)	1,575,073
Derivatives		121,994	(704,961)	207,613	(302,906)
Trade and other payables		6,535,469	7,856,960	10,310,141	2,201,663
Deferred Income		50,380	27,432	50,380	27,432
Contract liabilities		459,523	54,442	203,764	-
Warranty provisions		61,992	85,500	-	-
Cash generated from operating activities		**11,824,896**	**11,926,710**	**11,715,852**	**7,206,077**
Income tax paid	18	(258,992)	(441)	(258,992)	(441)
Net cash generated from operating activities		**11,565,904**	**11,926,269**	**11,456,860**	**7,205,636**
Cash flow from investing activities					
Interest income	32	238,563	304,971	408,039	338,419
Loan advanced to related parties	11	(36,319,300)	(165,100)	(25,347,651)	-
Loan repayment from related party	11	33,368,300	-	17,027,854	1,415,576
Proceeds from sale of property, plant, and equipment		1,949,946	1,500	1,949,946	1,500
Acquisition of property, plant, and equipment	4	(1,126,955)	(1,539,635)	(958,598)	(1,266,251)
Net cash used in investing activities		**(1,889,446)**	**(1,398,264)**	**(6,920,410)**	**489,244**
Cash flow from financing activities					
Dividends paid	21.1a	(397,048)	(595,572)	(397,048)	(595,572)
Unclaimed dividends forfeited	21.1b	-	160,124	-	160,124
Interest expense paid	32	(71,480)	(454,234)	(12,329)	(276,515)
Lease payment	5.1	(164,948)	(190,362)	(129,123)	(147,856)
Loan repayment to related party		-	(1,173,870)	-	(248,870)
Net cash used in financing activities		**(633,476)**	**(2,253,914)**	**(538,500)**	**(1,108,689)**
Net increase in cash and cash equivalents		9,042,982	8,274,091	3,997,950	6,586,191
Cash and cash equivalents at 1 June	14	10,792,938	2,518,847	8,573,322	1,987,131
Effect of foreign exchange rate changes		748,508	-	241,010	-
Cash and cash equivalents at 31 May	14	**20,584,428**	**10,792,938**	**12,812,282**	**8,573,322**

The accompanying notes on pages 10 to 83 form an integral part of these financial statements.

Notes to the consolidated and separate financial statements

1 General information

The Group

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

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

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

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

These consolidated and separate financial statements comprise 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, 2021 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, 2021 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.

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 and Company 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 2020:

- Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7
- Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16
- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 Definition of a business
- Amendments to IAS 1 and IAS 8 Definition of material

(i) Impact of the initial application of Interest Rate Benchmark Reform amendments to IFRS 9 and IFRS 7

In September 2019, the IASB issued Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7). These amendments modify specific hedge accounting requirements to allow hedge accounting to continue for affected hedges during the period of uncertainty before the hedged items or hedging instruments affected by the current interest rate benchmarks are amended as a result of the on-going interest rate benchmark reforms.

The amendments did not affect the Group's Financial Statements given that it does not apply hedge accounting to its benchmark interest rate exposures

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID- 19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

Notes to the consolidated and separate financial statements

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

New and amended standards adopted by the group and company (cont'd)

(ii) Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16 (cont'd)

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- Any reduction in lease payments affects only payments originally due on or before 30th June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30th June 2021 and increased lease payments that extend beyond 30th June 2021); and
- There is no substantive change to other terms and conditions of the lease.

In the current financial year, the Group did not get any rent concession as a direct result of Covid-19

(iii) Amendments to References to the Conceptual Framework in IFRS Standards

The Group has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework.

The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

The adoption of the amendments has not had any material impact on the disclosures or on the amounts reported in these financial statements.

(iv) Amendments to IFRS 3 Definition of a business

The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs.

The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired.

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1st January 2020. This amendment did not have any impact on the Group's Financial Statements because there was no acquisition during the financial year.

Notes to the consolidated and separate financial statements

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

New and amended standards adopted by the group and company (cont'd)

(v) Amendments to IAS 1 and IAS 8 Definition of material

The Group has adopted the amendments to IAS 1 and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition.

The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency.

This amendment did not have any impact on the Group's Financial Statements.

New accounting standards issued but not yet effective

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

(i) IFRS 17 Insurance contracts

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

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

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

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

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

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

Notes to the consolidated and separate financial statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to the consolidated and separate financial statements

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

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

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

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 Directors anticipate that the amendment will have an impact of the Financial Statements if such transactions occur.

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

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

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

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

Notes to the consolidated and separate financial statements

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

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

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

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

IFRS 9 Financial Instruments
The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendment is effective for annual periods beginning on or after 1st January 2022, with early application permitted.

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

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

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

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

Notes to the consolidated and separate financial statements

2.3 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. 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 Company 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 Company 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 Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, 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 Company 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 Company obtains control over the subsidiary and ceases when the Company 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 Company gains control until the date when the Company 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 noncontrolling 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 the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Notes to the consolidated and separate financial statements

2.3 Basis of consolidation (cont'd)

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

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

2.4 Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquire 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.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non¬controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets.

The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non¬controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Notes to the consolidated and separate financial statements

2.4 Business combinations (cont'd)

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed off.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete.

Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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 Company 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 Company's internal reporting structure.

2.6 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods or services, in the ordinary course of the Company'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 Company 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 when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, 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 when the goods are delivered to the 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 electronic equipment 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 electronic equipment expected to be returned.

2.6.2 Tradex

Tradex consists primarily of customer pricing allowances and promotional allowances, are 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.

2.6.4 Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Notes to the consolidated and separate financial statements

2.7 Leases

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

The nature of the Group's leasing activities is mainly motor vehicle. Rental contracts are typically made tor 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. Until the FY20 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

The Group assesses whether a contract is or contains a lease at inception of the contract. The Group recognises a right-of use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

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

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

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

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

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

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

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

The Group did not make any such adjustments during the period presented.

Notes to the consolidated and separate financial statements

2.7 Leases (cont'd)

i Extension and termination options (cont'd)

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.

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.

ii Leases – as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component

Notes to the consolidated and separate financial statements

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.

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.

Notes to the consolidated and separate financial statements

2.10.2 Defined contribution scheme

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

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

2.10.3 Incentive and bonus scheme

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

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

2.10.4 Termination Benefit

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

2.11 Current and Deferred tax

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

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

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.

Notes to the consolidated and separate financial statements

2.11 Current and Deferred tax (cont'd)

Deferred tax (cont'd)

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.

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 on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives as follows:

Notes to the consolidated and separate financial statements

2.12 Property, plant and equipment (cont'd)

Leasehold land and buildings	- Over 50 years	2%
	- Under 50 years	Over the lease period
Plant and Machinery		4% -8%
Motor Vehicles - 4 years		25%
Furniture, fittings and IT equipment		20% -33.3%
Capital work in progress		Nil

Depreciation on revalued buildings is recognised in profit or loss. On the subsequent sale or retirement of a revalued property, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

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

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

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

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

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

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.

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.

Notes to the consolidated and separate financial statements

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 lossare 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.

A financial asset is held for trading if:

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

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

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

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item (Note 31) 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 oninitial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

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

Notes to the consolidated and separate financial statements

2.15.1 Financial assets (cont'd)

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

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

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

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

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

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

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

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

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

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

Notes to the consolidated and separate financial statements

2.15.1 Financial assets (cont'd)

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.

Derecognition of financial assets

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.

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

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

2.15.2 Financial liabilities

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

Other financial liabilities

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

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

Trade payables

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

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.

Notes to the consolidated and separate financial statements

2.15.2 Financial liabilities (cont'd)

Foreign exchange gains and losses

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

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

Derecognition of financial liabilities

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

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

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

2.15.3 Offsetting Financial instrument

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

2.16 Inventories

Inventories are stated at the lower of cost and estimated net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bring them to their existing location and condition. Cost is calculated based on standard costs with material price and usage variances apportioned using the Periodic Unit Pricing method. The basis of costing is as follows:

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

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

Notes to the consolidated and separate financial statements

2.17 Provisions

Provisions are recognised when the group has a present legal or constructive obligation as a result of a past event, and it is probable that the group will be required to settle that obligation and the amount has been reliably estimated. Provisions for restructuring costs are recognised when the company 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 company'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 company's statement of financial position. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.20 Deposit for letters of credit

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

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

2.21 Intangible asset

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

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

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

Notes to the consolidated and separate financial statements

2.21.1 Impairment of tangible and intangible assets other than goodwill

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

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

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

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

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

2.21.2 Derecognition of intangible assets

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

2.22 Earnings per share (EPS)

The Group and Company 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 Company 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.

Export expansion grant (EEG) and the Export Credit certificates (ECC) are initially recognised at fair value when the Group has received the ECC certificates from the government. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as an asset in the consolidated statement of financial position and statement of profit or loss as an income when received.

Notes to the consolidated and separate financial statements

2.23 Government grants (cont'd)

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 29.

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.

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

Critical judgements in applying the Group's accounting policies

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

Key sources of estimation uncertainty

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

Notes to the consolidated and separate financial statements

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

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 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.

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

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

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

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

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 Company.

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

Contingent assets 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 are disclosed in Note 29 of the financial statements. Contingent liabilities are not recognised in the consolidated statement of financial position but are disclosed unless the possibility of any outflow in settlement is remote.

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 foreign exchange rates, credit risk, liquidity risk and interest rates.

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

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

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

3.1 Credit risk

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

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

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

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

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

Notes to the consolidated and separate financial statements

3.1 Credit risk (cont'd)

Company
31 May 2021

Financial assets:	**Neither past due nor impaired**	**Up to 90 days**	**91 - 180 days**	**Over 180 days**	**Total**
In thousands of naira					
Cash and bank (Note 14)	12,812,282	-	-	-	12,812,282
Trade receivables (Note 10)	1,975,527	273,692	214	112,244	2,361,677
Due from subsidiary (Note 31)	-	-	-	-	-
Due from related party companies (Note 31)	1,304,553	-	-	-	1,304,553
Loan receivables (Note 11)	10,368,797	-	-	-	10,368,797
Other receivables (Note 10)	740,818	-	-	-	740,818
Advance to suppliers (Note 12)	-	281,465	723,440	-	1,004,905
Derivatives (Note 22)	95,293	-	-	-	95,293
Total	**27,297,270**	**555,157**	**723,654**	**112,244**	**28,688,325**

31 May 2020

Financial assets:	**Neither past due nor impaired**	**Up to 90 days**	**91 - 180 days**	**Over 180 days**	**Total**
In thousands of naira					
Cash and bank (Note 14)	8,573,322	-	-	-	8,573,322
Trade receivables (Note 10)	1,430,415	538,102	21,492	-	1,990,009
Due from subsidiary (Note 31)	82,440	-	-	-	82,440
Due from related party companies (Note 31)	1,048,280	-	-	-	1,048,280
Loan receivables (Note 11)	2,049,000	-	-	-	2,049,000
Other receivables (Note 10)	704,104	-	-	-	704,104
Advance to suppliers (Note 12)	780,357	-	-	-	780,357
Derivatives (Note 22)	302,906	-	-	-	302,906
Total	**14,970,824**	**538,102**	**21,492**	**-**	**15,530,418**

Group
31 May 2021

Financial assets:	**Neither past due nor impaired**	**Up to 90 days**	**91 - 180 days**	**Over 180 days**	**Total**
In thousands of naira					
Cash and bank (Note 14)	20,584,428	-	-	-	20,584,428
Trade receivables (Note 10)	5,015,178	943,300	2,082	231,722	6,192,282
Due from related party companies (Note 31)	1,941,692	-	-	-	1,941,692
Loan receivables (Note 11)	5,000,000	-	-	-	5,000,000
Other receivables (Note 10)	1,004,650	-	-	-	1,004,650
Advance to suppliers (Note 12)	-	380,324	723,440	-	1,103,764
Derivatives (Note 22)	582,967	-	-	-	582,967
Total	**34,128,915**	**1,323,624**	**725,522**	**231,722**	**36,409,783**

31 May 2020

Financial assets:	**Neither past due nor impaired**	**Up to 90 days**	**91 - 180 days**	**Over 180 days**	**Total**
In thousands of naira					
Cash and bank (Note 14)	10,792,938	-	-	-	10,792,938
Trade receivables (Note 10)	3,008,057	2,507,244	23,275	-	5,538,576
Due from related party companies (Note 31)	1,048,280	-	-	-	1,048,280
Loan receivables (Note 11)	2,049,000	-	-	-	2,049,000
Other receivables (Note 10)	972,943	-	-	-	972,943
Advance to suppliers (Note 12)	-	70,479	775,268	-	845,747
Derivates (Note 22)	704,961	-	-	-	704,961
Total	**18,576,179**	**2,577,723**	**798,543**	**-**	**21,952,445**

Allowance for impairment as disclosed in Note 10.1 relates to specific provision for trade receivables that are doubtful of recovery.

Allowance for impairment is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables.

Notes to the consolidated and separate financial statements

3.1 Credit risk (cont'd)

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

	Company	
	2021	**2020**
In thousands of naira		
Credit rating		
B	12,812,282	8,573,322

	Group	
	2021	**2020**
In thousands of naira		
Credit rating		
B	20,584,428	10,792,938

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

3.2 Liquidity risk

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

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

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

Included in the group's trade and other payables as at the 31 May 2021 and 31 May 2020 are balances due to related parties of N24.2 billion and N27.9 billion respectively while that of the company is N28.2 billion and N20.9 billion respectively.

Notes to the consolidated and separate financial statements

3.2 Liquidity risk (cont'd)

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

Company

31 May 2021

In thousands of naira

Financial liabilities:	**Up to 90 days**	**Up to 180 days**	**Total**
Trade and other payables - excluding sundry creditors (Note 21)	30,577,836	6,343,348	36,921,184
Lease liability (Note 5.1)	27,646	144,073	171,719
	30,605,482	**6,487,421**	**37,092,903**

31 May 2020

Financial liabilities:	**Up to 90 days**	**Up to 180 days**	**Total**
Trade and other payables - excluding sundry creditors (Note 21)	18,195,708	8,828,665	27,024,373
Lease liability (Note 5.1)	29,459	180,265	209,724
	18,225,167	**9,008,930**	**27,234,097**

Group

31 May 2021

In thousands of naira

Financial liabilities:	**Up to 90 days**	**Up to 180 days**	**Total**
Trade and other payables - excluding sundry creditors (Note 21)	34,480,618	7,377,135	41,857,753
Lease liability (Note 5.1)	32,927	168,285	201,212
	34,513,545	**7,545,420**	**42,058,965**

31 May 2020

Financial liabilities:	**Up to 91 - 180 days**	**Over 180 days**	**Total**
Trade and other payables - excluding sundry creditors (Note 21)	29,861,384	6,095,405	35,956,789
Lease liability (Note 5.1)	38,799	236,243	275,042
	29,900,183	**6,331,648**	**36,231,831**

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% (2020: 1 - 2%) increase or decrease in interest rates.

In thousands of naira	Group		Company	
	2021	**2020**	**2021**	**2020**
Interest earned from related parties (Note 32)	171,513	234,072	351,795	297,450
Interest paid to related parties (Note 32)	(62,817)	(397,921)	(6,422)	(245,525)
Net Interest earned from/ (paid to) related parties	**108,696**	**(163,849)**	**345,373**	**51,925**
Average interest rate for the year (%)	6.00	11.25	6.00	11.25

	Group		Company	
	2021	**2020**	**2021**	**2020**
Impact of 1% increase in average interest rate	(87)	(13,846)	(59)	4,388
Impact of 1% decrease in average interest rate	87	13,846	59	(4,388)
Impact of 2% increase in average interest rate	(173)	(27,693)	(118)	8,776
Impact of 2% decrease in average interest rate	173	27,693	118	(8,776)

3.4 Market risk

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

3.5 Foreign exchange risk

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

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

	Group		Company	
	Liabilities		Liabilities	
	2021	**2020**	**2021**	**2020**
Foreign Currency ($'000)	(38,727)	(49,815)	(26,967)	(20,436)
	Assets		Assets	
	2021	**2020**	**2021**	**2020**
Foreign Currency ($'000)	15,462	3,609	6,390	3,359
Closing foreign exchange rates (Naira/Dollar)	412.00	389.00	412.00	389.00
Average foreign exchange rates (Naira/Dollar)	395.95	367.86	395.94	367.86

Notes to the consolidated and separate financial statements

3.5 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.

	Group		Company	
	2021	**2020**	**2021**	**2020**
In thousands of naira				
US dollar - 15% increase	(1,437,764)	(2,696,074)	(1,271,657)	(996,389)
US dollar - 15% decrease	1,437,764	2,696,074	1,271,657	996,389
US dollar - 30% increase	(2,875,527)	(5,392,149)	(2,543,313)	(1,992,778)
US dollar - 30% decrease	2,875,527	5,392,149	2,543,313	1,992,778

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

3.6 Fair value of financial assets and liabilities

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

3.7 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2020.

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

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

Gearing ratio

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

	Group		Company	
	2021	**2020 Restated**	**2021**	**2020 Restated**
In thousands of naira				
Debt	-	-	-	-
Cash and bank (see Note 14)	(20,584,428)	(10,792,938)	(12,812,282)	(8,573,322)
Net debt	**(20,584,428)**	**(10,792,938)**	**(12,812,282)**	**(8,573,322)**
Equity	31,570,480	30,491,922	23,045,466	22,625,192
Net debt to equity ratio	**-65%**	**-35%**	**-56%**	**-38%**

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

Notes to the consolidated and separate financial statements

3.7 Capital risk management (cont'd)

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 dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets.

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

3.8 Commodity price risk

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

Notes to the consolidated and separate financial statements

4 Property, plant and equipment

Group

In thousands of naira	Leasehold Land and Buildings	Plant and Machinery	Furniture, Fittings and IT equipment	Motor vehicles	Capital Work in Progress (WIP)	Total
Cost						
At 1 June, 2020	19,694,904	25,281,119	3,560,997	564,560	2,051,988	51,153,568
Additions	-	-	-	-	1,126,955	1,126,955
Reclassification	52,437	1,793,172	84,875	-	(1,930,484)	-
Write off	-	-	(473)	-	-	(473)
Disposal	(76,415)	-	(473)	-	-	(76,888)
At 31 May, 2021	**19,670,926**	**27,074,291**	**3,644,926**	**564,560**	**1,248,459**	**52,203,162**
Depreciation						
At 1 June, 2020	4,201,472	17,261,710	2,935,584	564,560	-	24,963,326
Depreciation for the year	377,148	1,871,419	347,050	-	-	2,595,617
Write off	-	-	(53)	-	-	(53)
Disposals	(25,772)	-	(53)	-	-	(25,825)
At 31 May, 2021	**4,552,848**	**19,133,129**	**3,282,528**	**564,560**	**-**	**27,533,065**
Cost						
At 1 June, 2019	19,542,829	24,841,301	3,408,183	569,010	1,257,060	49,618,383
Additions	-	-	-	-	1,539,635	1,539,635
Reclassification	152,075	439,818	152,814	-	(744,707)	-
Disposal				(4,450)		(4,450)
At 31 May, 2020	**19,694,904**	**25,281,119**	**3,560,997**	**564,560**	**2,051,988**	**51,153,568**
Depreciation						
At 1 June, 2019	3,840,414	15,341,101	2,526,997	569,010	-	22,277,522
Depreciation for the year	361,058	1,920,609	408,587	-	-	2,690,254
Disposals	-	-	-	(4,450)	-	(4,450)
At 31 May, 2020	**4,201,472**	**17,261,710**	**2,935,584**	**564,560**	**-**	**24,963,326**
Carrying amounts						
At 31 May 2021	**15,118,078**	**7,941,162**	**362,398**	**-**	**1,248,459**	**24,670,097**
At 31 May 2020	**15,493,432**	**8,019,409**	**625,413**	**-**	**2,051,988**	**26,190,242**

Depreciation expense of N1.87 billion (2020: N1.88billion) has been charged in 'cost of sales', N0.36 billion (2020: N0.43billion) in selling and distribution expenses' and N0.37 billion (2020: NGN0.38 billion) in administrative expenses.

Construction work in progress as at 31 May 2021 mainly comprise of new factory lines and plant enhancements.

There was no capitalised borrowing cost during the years ended 31 May 2021 and 31 May 2020.

There were no assets pledged as security for borrowing during the year (2020: nil).

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

	Group	
In thousands of naira	**2021**	**2020**
Authorised and contracted	150,202	1,325,815
Authorised but not contracted	1,398,467	235,278
Total	**1,548,669**	**1,561,093**

Notes to the consolidated and separate financial statements

4 Property, plant and equipment (cont'd)

Company

In thousands of naira	Leasehold Land and Buildings	Plant and Machinery	Furniture, Fittings and IT equipment	Motor vehicles	Capital Work in Progress (WIP)	Total
Cost						
At 1 June, 2020	19,025,340	23,629,427	3,294,321	481,111	1,831,091	48,261,290
Additions	-	-	-		958,598	958,598
Reclassification	52,437	1,695,696	71,256	-	(1,819,389)	-
Write off	-	-	(473)	-	-	(473)
Disposal	(76,415)	-	(473)		-	(76,888)
At 31 May, 2021	**19,001,362**	**25,325,123**	**3,364,631**	**481,111**	**970,300**	**49,142,527**
Depreciation						
At 1 June, 2020	4,147,177	16,302,519	2,701,620	481,111	-	23,632,427
Depreciation for the year	359,218	1,712,917	337,359	-	-	2,409,494
Write off	-	-	(53)	-	-	(53)
Disposals	(25,772)	-	(53)	-	-	(25,825)
At 31 May, 2021	**4,480,623**	**18,015,436**	**3,038,873**	**481,111**	**-**	**26,016,043**
Cost						
At 1 June, 2019	19,025,340	23,181,966	3,150,283	485,561	1,156,339	46,999,489
Additions	-	-	-		1,266,251	1,266,251
Reclassification	-	447,461	144,038		(591,499)	-
Disposals				(4,450)		(4,450)
At 31 May, 2020	**19,025,340**	**23,629,427**	**3,294,321**	**481,111**	**1,831,091**	**48,261,290**
Depreciation						
At 1 June, 2019	3,796,490	14,548,629	2,309,848	485,561	-	21,140,528
Depreciation for the year	350,687	1,753,890	391,772	-	-	2,496,349
Disposals	-	-	-	(4,450)	-	(4,450)
At 31 May, 2020	**4,147,177**	**16,302,519**	**2,701,620**	**481,111**	**-**	**23,632,427**
Carrying amounts						
At 31 May 2021	**14,520,739**	**7,309,687**	**325,758**	**-**	**970,300**	**23,126,484**
At 31 May 2020	**14,878,163**	**7,326,908**	**592,701**	**-**	**1,831,091**	**24,628,863**

Depreciation expense of N1.70 billion (2020: N1.75 billion) has been charged in 'cost of sales', N0.35 billion (2020: N0.39 billion) in 'selling and distribution expenses' and N0.36 billion (2020: N0.36 billion) in 'administrative expenses'.

Construction work in progress as at 31 May 2021 mainly comprise of new factory lines and plant enhancements.

There was no capitalised borrowing cost during the years ended 31 May 2021 and 31 May 2020.

There were no assets pledged as security for borrowing during the period (2020: nil).

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

	Company	
In thousands of naira	**2021**	**2020**
Authorised and contracted	1,271,077	1,167,596
Authorised but not contracted	122,449	149,610
Total	**1,393,526**	**1,317,206**

Notes to the consolidated and separate financial statements

5 Leases

Motor Vehicle

Movement in right-of-use assets:	Group	Company
In thousands of naira		
Cost		
At 1 June 2020	465,404	357,580
Additions	91,118	91,118
At 31 May 2021	**556,522**	**448,698**
Accumulated Depreciation		
At 1 June 2020	190,362	147,856
Charge for the year	164,948	129,123
At 31 May 2021	**355,310**	**276,979**
Cost		
At 1 June 2019	322,485	254,680
Additions	142,919	102,900
At 31 May 2020	**465,404**	**357,580**
Accumulated Depreciation		
At 1 June 2019	-	-
Charge for the year	190,362	147,856
At 31 May 2020	**190,362**	**147,856**
Carrying Amount		
At 31 May 2021	**201,212**	**171,719**
At 31 May 2020	**275,042**	**209,724**

5.1 Lease Liability

	Group	Company
In thousands of naira		
At 1 June 2020	275,042	209,724
Additions	91,118	91,118
Lease payment	(164,948)	(129,123)
At 31 May 2021	**201,212**	**171,719**
At 1 June 2019	322,485	254,680
Additions	142,919	102,900
Lease payment	(190,362)	(147,856)
At 31 May 2020	**275,042**	**209,724**

The Group leases motor vehicles. The leases of motor vehicle are mainly for 3 years with an option to renew

Notes to the consolidated and separate financial statements

5 Leases (cont'd)

5.1 Lease Liability (cont'd)

	Group		Company	
	2021	**2020**	**2021**	**2020**
Non-current	69,506	119,847	61,134	91,887
Current	131,706	155,195	110,585	117,837
	201,212	**275,042**	**171,719**	**209,724**

5.2 Maturity analysis of Lease Liability

	Group		Company	
	2021	**2020**	**2021**	**2020**
Year 1	131,706	155,195	110,585	117,837
Year 2	69,506	119,847	61,134	91,887
	201,212	**275,042**	**171,719**	**209,724**

6 Intangible Assets

	Group		Company	
	2021	**2020**	**2021**	**2020**
In thousands of naira				
Cost				
At 1 June	1,059,618	1,059,618	1,059,618	1,059,618
Additions	-	-	-	-
At 31 May	**1,059,618**	**1,059,618**	**1,059,618**	**1,059,618**
Accumulated amortisation				
At 1 June	(317,886)	(211,924)	(317,886)	(211,924)
Charge for the year	(105,962)	(105,962)	(105,962)	(105,962)
At 31 May	**(423,848)**	**(317,886)**	**(423,848)**	**(317,886)**
Carrying amount				
At 31 May	**635,770**	**741,732**	**635,770**	**741,732**

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.

7 Investment in Subsidiary

	Company	
In thousands of naira	**2021**	**2020**
At 31 May	**504,406**	**504,406**

	Investment amount	**Country of incorporation and place of business**	**Nature of business**	**Proportion of shares held by Parent & NCI in 2021 & 2020**	
				Parent (%)	NCI (%)
HPZ Limited	504,406	Nigeria	Household electrical appliances Nigeria manufacturer	74.99	25.01

Notes to the consolidated and separate financial statements

7 Investment in Subsidiary (cont'd)

HPZ Limited
In thousands of naira

	2021	2020
Current assets	15,916,061	17,797,498
Non-current assets	2,564,508	3,123,784
Current liabilities	(6,175,849)	(9,457,062)
Non-current liabilities	(290,189)	(327,820)
Equity attributable to owners of the Company	(9,029,420)	(8,371,136)
Non-controlling interests	(2,985,111)	(2,765,264)
Revenue	34,744,981	28,053,338
Net Expense	(33,866,850)	(29,325,524)
Profit for the year	**878,131**	**(1,272,186)**
Profit attributable to owners of the Company	658,284	(954,012)
Profit attributable to the non-controlling interests	219,847	(318,174)
Profit/(Loss) for the year	**878,131**	**(1,272,186)**
Other comprehensive income attributable to owners of the Company	-	-
Other comprehensive income attributable to the non-controlling interests	-	-
Other comprehensive income for the year	-	-
Total comprehensive income attributable to owners of the Company	658,284	(954,012)
Total comprehensive income attributable to the non-controlling interests	219,847	(318,174)
Total comprehensive income for the year	**878,131**	**(1,272,186)**
Net cash inflow/outflow from operating activities	109,044	4,720,633
Net cash inflow/outflow from investing activities	5,030,964	(1,887,508)
Net cash inflow/outflow from financing activities	(94,976)	(1,145,225)
Net cash inflow	**5,045,032**	**1,687,900**

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

8 Other long-term receivables

Non-current other receivable of N0.114 billion (2020: Nil) relates to: prepayments over 12 months. This was reclassified from currents assets to other long-term receivables.

	Group		Company	
In thousands of naira	**2021**	**2020 Restated**	**2021**	**2020 Restated**
Prepayments over 1 year	113,937	-	113,937	-
Total	**113,937**	**-**	**113,937**	**-**

9 Inventories

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Raw materials and consumables	9,577,187	8,629,003	7,251,136	5,656,281
Finished goods and goods for resale	5,669,792	7,811,192	4,393,861	5,745,076
Engineering spares and other stocks	2,458,961	2,785,674	2,267,893	2,536,303
Goods in transit	5,522,024	7,032,830	1,369,806	1,717,087
Total	**23,227,964**	**26,258,699**	**15,282,696**	**15,654,747**

During the year ended 31 May 2021, N116.4million (2020: N53.7million) 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 N456.7million (2020: N534.3million).

10 Trade and other receivables

Receivables due within one year:

	Group		Company	
In thousands of Naira	**2021**	**2020**	**2021**	**2020**
Trade receivables	6,635,416	6,908,872	2,723,451	3,099,446
Allowance for impairment of trade receivables (Note 10.1)	(443,134)	(1,370,296)	(361,774)	(1,109,437)
Net trade receivables	**6,192,282**	**5,538,576**	**2,361,677**	**1,990,009**
Due from subsidiary (Note 31)	-	-	-	82,440
Due from related party companies (Note 31)	1,941,692	1,048,280	1,304,553	1,048,280
WHT credit note receivable	761,259	456,772	547,022	262,340
Other receivables	1,004,650	972,943	740,818	704,104
Total	**9,899,883**	**8,016,571**	**4,954,070**	**4,087,173**

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

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

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

There are no other customers which represent more than 10% of the total balance of trade receivables of the Group after impairment.

Notes to the consolidated and separate financial statements

10 Trade and other receivables (cont'd)

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.

10.1 Allowance for impairment of trade receivables

Group	Trade receivables - days past due							
31 May 2021	**Not Due**	**1-30**	**31-60**	**61-90**	**91-180**	**> 180**	**Specific Provision**	**Total**
In thousands of Naira								
Expected credit loss rate	0.35%	0.31%	5.27%	19.55%	39.02%	28.70%		
Estimated total gross carrying amount at default	5,032,654	781,526	134,076	46,254	3,415	10,076	627,415	**6,635,416**
Lifetime ECL	(17,476)	(2,448)	(7,064)	(9,044)	(1,333)	(2,891)	(402,878)	**(443,134)**
	5,015,178	**779,078**	**127,012**	**37,210**	**2,082**	**7,185**	**224,537**	**6,192,282**

	Trade receivables - days past due							
31 May 2020	**Not Due**	**1-30**	**31-60**	**61-90**	**91-180**	**> 180**	**Specific Provision**	**Total**
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	50.00%	100.00%		
Estimated total gross carrying amount at default	3,008,057	949,256	1,169,472	388,516	46,549	1,347,022	-	**6,908,872**
Lifetime ECL	-	-	-	-	(23,274)	(1,347,022)	-	**(1,370,296)**
	3,008,057	**949,256**	**1,169,472**	**388,516**	**23,275**	**-**	**-**	**5,538,576**

Notes to the consolidated and separate financial statements

10 Trade and other receivables (cont'd)

10.1 Allowance for impairment of trade receivables (cont'd)

Company

	Trade receivables - days past due							
31 May 2021	**Not Due**	**1-30**	**31-60**	**61-90**	**91-180**	**> 180**	**Specific Provision**	**Total**
Expected credit loss rate	0.54%	0.48%	15.00%	34.89%	60.06%	100.00%		
Estimated total gross carrying amount at default	1,986,197	245,008	13,633	28,080	535	-	449,998	**2,723,451**
Lifetime ECL	(10,670)	(1,187)	(2,045)	(9,797)	(321)	-	(337,754)	**(361,774)**
	1,975,527	**243,821**	**11,588**	**18,283**	**214**	**-**	**112,244**	**2,361,677**

	Trade receivables - days past due							
31 May 2020	**Not Due**	**1-30**	**31-60**	**61-90**	**91-180**	**> 180**	**Specific Provision**	**Total**
Expected credit loss rate	0.00%	0.00%	0.00%	0.00%	50.00%	100.00%		
Estimated total gross carrying amount at default	1,430,415	248,395	219,832	69,875	42,984	1,087,945	-	**3,099,446**
Lifetime ECL	-	-	-	-	(21,492)	(1,087,945)	-	**(1,109,437)**
	1,430,415	**248,395**	**219,832**	**69,875**	**21,492**	**-**	**-**	**1,990,009**

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:

In thousands of Naira	**Group**	**Company**
Balance as at 1 June 2020	(1,370,296)	(1,109,437)
Provision for expected credit losses	(204,344)	(172,593)
Changes in credit risk parameters	1,131,506	920,256
Balance at 31 May 2021	**(443,134)**	**(361,774)**

Notes to the consolidated and separate financial statements

10 Trade and other receivables (cont'd)

10.2 Trade receivables impaired (ageing)

	Group		Company	
In thousands of Naira	**2021**	**2020**	**2021**	**2020**
The ageing of impaired trade receivables is as follows:				
Current to 180 days	37,365	101,993	24,020	47,389
Over 180 days	405,769	1,268,303	337,754	1,062,048
Total	**443,134**	**1,370,296**	**361,774**	**1,109,437**

The impairment loss as at 31 May 2021 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due are still collectible, based on historical payment behavior and extensive analysis of the underlying customers' credit ratings. The impairment loss is included in administrative expenses.

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

All trade receivables are denominated in Nigerian Naira.

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

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

11 Loan receivables

In thousands of Naira	Group		Company	
	2021	**2020**	**2021**	**2020**
Balance as at 1 June	2,049,000	1,883,900	2,049,000	3,464,576
Additions during the year	36,319,300	165,100	25,347,651	-
Payment within the year	(33,368,300)	-	(17,027,854)	(1,415,576)
Total	**5,000,000**	**2,049,000**	**10,368,797**	**2,049,000**

Loan receivable relates to cash advance made to related party. Information on interest received on advances and repayment terms are disclosed in Note 32.

12 Other assets

In thousands of Naira	Group		Company	
	2021	**2020**	**2021**	**2020**
Prepayments	266,122	69,129	266,122	69,129
Advances to distributors	35,098	95,436	-	-
Advances to suppliers	1,103,764	845,747	1,004,905	780,357
Total	**1,404,984**	**1,010,312**	**1,271,027**	**849,486**

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

Notes to the consolidated and separate financial statements

13 Deposit for imports

In thousands of Naira	Group		Company	
	2021	2020 Restated	2021	2020 Restated
Deposit for letters of credit	32,227	497,114	32,227	15,463
Total	**32,227**	**497,114**	**32,227**	**15,463**

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.

14 Cash and cash equivalents

	Group		Company	
In thousands of Naira	2021	2020	2021	2020
Cash in hand	20,471	35,586	20,471	35,586
Cash at bank	20,146,294	10,341,568	12,374,148	8,121,952
Short term deposits	417,663	415,784	417,663	415,784
Total	**20,584,428**	**10,792,938**	**12,812,282**	**8,573,322**

Short term deposits relate to fixed interest-bearing deposits of the group in various banks

15 Share capital

	2021		2020	
	Number in thousands	Amount N'000	Number in thousands	Amount N'000
Authorised:				
Ordinary shares of 50k each	4,000,000	2,000,000	4,000,000	2,000,000
Allotted, called up and fully paid:				
Ordinary shares of 50k each	3,970,477	1,985,238	3,970,477	1,985,238

16 Deferred Income

	Group		Company	
	2021	2020 Restated	2021	2020 Restated
Rent in advance	77,812	27,432	77,812	27,432
Total	**77,812**	**27,432**	**77,812**	**27,432**

Rent in advance relates to rent received from third parties on PZ Cussons Nigeria Plc warehouses.

Deferred Income

	Group		Company	
In thousands of naira	2021	2020 Restated	2021	2020 Restated
Non-current	5,025	6,605	5,025	6,605
Current	72,787	20,827	72,787	20,827
Total	**77,812**	**27,432**	**77,812**	**27,432**

17 Contract Liabilities

	Group		Company	
	2021	2020 Restated	2021	2020 Restated
Advance from customers	513,965	54,442	203,764	-
Total	**513,965**	**54,442**	**203,764**	**-**

Notes to the consolidated and separate financial statements

17 Contract Liabilities (cont'd)

Contact liabilities relates to income received from customers for which goods are yet to be supplied.

	Group		Company	
In thousands of naira	2021	2020 Restated	2021	2020 Restated
Non- Current	-	54,442	-	-
Current	513,965	-	203,764	-
Total	**513,965**	**54,442**	**203,764**	**-**

18 Taxation

	Group		Company	
In thousands of naira	2021	2020 Restated	2021	2020 Restated
Income tax expense:				
Company income tax in respect of current year	235,107	351,191	148,143	201,185
Education tax in respect of current year	75,177	32,832	75,177	25,488
Capital Gains Tax	187,348	-	187,348	-
NASENI Levy	206,444	-	119,581	-
Police Levy	171	-	94	-
Under -provision of prior year tax	396,181	-	396,183	-
Effect on initial application of IFRIC 23 - current year (Note 19)	-	14,241	-	14,241
Total current tax	**1,100,428**	**398,264**	**926,526**	**240,914**
Deferred tax:				
Current year charge/(credit) to income statement	108,118	(1,360,399)	(374,539)	(883,919)
(Over)/Under provision in prior year	535,365	18,081	512,337	18,560
Effect on initial application of IFRIC 23 - current year (Note 19)	-	213,613	-	213,613
Total deferred tax (Note 19)	**643,483**	**(1,128,705)**	**137,798**	**(651,746)**
Income tax expense	**1,743,911**	**(730,441)**	**1,064,324**	**(410,832)**

Effective tax reconciliation

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

	Group		Company	
In thousands of naira	2021	2020 Restated	2021	2020 Restated
Profit before tax	**3,439,364**	**(7,938,652)**	**1,881,646**	**(6,346,857)**
Income tax using the domestic corporation tax rate of 30% (2020: 30%)	1,031,809	(2,381,596)	564,494	(1,904,057)
Tax effects of:				
Non-deductible expenses	(923,690)	1,021,197	(939,034)	1,020,138
Tertiary education tax	75,177	32,832	75,177	25,488
Capital Gains Tax	187,348	-	187,348	-
Minimum tax	208,530	351,191	121,566	201,185
Prior year tax adjustments recognised in current year	958,123	18,081	935,097	18,560
NASENI and Police Levy	206,614	-	119,676	-
Effect on initial application of IFRIC 23 - current year (Note 19)	-	227,854	-	227,854
Total income tax expense	**1,743,911**	**(730,441)**	**1,064,324**	**(410,832)**

Notes to the consolidated and separate financial statements

18 Taxation (cont'd)

The current tax charge has been computed at the applicable rate of 30% (31 May 2020: 30%) plus education levy of 2% (31 May 2020: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes. Non-deductible expenses include items such as legal fees, donations, public relations expenses and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income for the company is mainly made up of dividend income and other items not subject to tax while tax exempt income for the group is mainly made up of profit of a subsidiary currently under pioneer status. The impact of the franked investment income recognised in the company has been eliminated in the group.

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

	Group		Company	
In thousands of naira	**2021**	**2020 Restated**	**2021**	**2020 Restated**
At 1 June	581,685	154,682	424,503	154,682
Effect on initial application of IFRIC 23 - Prior year (note 19)	-	219,833	-	219,833
Effect on initial application of IFRIC 23 - current year (note 19)	-	14,241	-	14,241
Tax charge for the year	1,100,428	384,023	926,526	226,673
Prior year adjustment	-	(168)	-	-
WHT utilised during the year	-	(178,671)	-	(178,671)
ECC utilised during year	-	(11,814)	-	(11,814)
Tax paid during the year	(258,992)	(441)	(258,992)	(441)
At 31 May	**1,423,121**	**581,685**	**1,092,037**	**424,503**

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

19 Deferred taxation

	Group		Company	
In thousands of naira	**2021**	**2020 Restated**	**2021**	**2020 Restated**
The analysis of deferred tax liabilities is as follows:				
Deferred tax liability to be recovered after more than 12 months	**5,438,903**	**4,795,420**	**6,430,305**	**6,292,507**

The movement in deferred tax liability is as follows:

	Group		Company	
In thousands of naira	**2021**	**2020 Restated**	**2021**	**2020 Restated**
As at 1 June	4,795,420	2,626,630	6,292,507	3,646,758
Charged/(credited) to income statement (Note 18)	643,483	(1,342,318)	137,798	(865,359)
Effect on initial application of IFRIC 23 - prior year	-	3,297,495	-	3,297,495
Effect on initial application of IFRIC 23 - current year	-	213,613	-	213,613
As at 31 May	**5,438,903**	**4,795,420**	**6,430,305**	**6,292,507**

19 Deferred taxation (cont'd)

	Group			Company		
In thousands of naira	**Property, plant and equipment**	**Provisions**	**Total**	**Property, plant and equipment**	**Provisions**	**Total**
At 1 June 2019 restated	(213,661)	2,840,291	2,626,630	2,555,618	1,091,140	3,646,758
(Credited)/charged to income statement	(879,933)	(462,385)	(1,342,318)	(879,933)	14,574	(865,359)
Effect on initial application of IFRIC 23 - prior year (Note 19.1)	-	3,297,495	3,297,495	-	3,297,495	3,297,495
Effect on initial application of IFRIC 23 - current year (Note 19.1)	-	213,613	213,613	-	213,613	213,613
At 31 May 2020 restated	**(1,093,594)**	**5,889,014**	**4,795,420**	**1,675,685**	**4,616,822**	**6,292,507**
(Credited)/charged to income statement	621,796	21,687	643,483	879,062	(741,264)	137,798
At 31 May 2021	**(471,798)**	**5,910,701**	**5,438,903**	**2,554,747**	**3,875,558**	**6,430,305**

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	
In thousands of naira	**2021**	**2020 Restated**	**2021**	**2020 Restated**
Deferred tax liabilities (Note 36)	6,430,305	6,292,507	6,430,305	6,292,507
Deferred tax assets (Note 36)	(991,402)	(1,497,087)	-	-
Net deferred tax liabilities	**5,438,903**	**4,795,420**	**6,430,305**	**6,292,507**

19.1 Effect on initial application of IFRIC 23

IFRIC 23 is effective for annual reporting periods beginning on or after January 1, 2019. A company applies IFRIC 23 retrospectively on adoption and can choose whether to adjust opening equity without restating comparatives or to restate comparatives.

The Group believes that adequate provision has been made for the liabilities likely to arise from periods which are open and not yet agreed by tax authorities. The ultimate liability for such matters may vary from the amounts provided and is dependent upon the outcome of agreements with relevant tax authorities. In assessing these income tax uncertainties, management is required to make judgements in the determination of the unit of account, and the evaluation of the circumstances, facts and other relevant information in respect of the tax position taken together with estimates of amounts that may be required to be paid in ultimate settlement with the tax authorities. With the adoption of IFRIC 23, the Group has therefore made adjustments in its accounts in prior year with respect to uncertain tax positions. The impact of the adoption of IFRIC 23 is disclosed above in Note 18 and 19.

20 Warranty provisions

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
At 1 June	344,848	259,348	-	-
Charged to the income statement	452,407	344,848	-	-
Utilised in the year	(390,415)	(259,348)	-	-
At 31 May	**406,840**	**344,848**	-	-
The ageing of the warranty provision is as follows:				
Within 12 months	125,023	99,430		-
Greater than 12 months	281,817	245,418	-	-
Total	**406,840**	**344,848**	-	-

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 and industry averages for defective products.

The group generally offers 1 - 3year 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.

Notes to the consolidated and separate financial statements

21 Trade and other payables

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Trade payables	10,155,646	1,977,658	3,315,602	1,740,422
Unclaimed Dividend (Note 21.1)	1,915,611	1,860,703	1,915,611	1,860,703
Accruals	5,602,519	4,096,190	3,492,408	2,398,200
Amount owed to subsidiary	-	-	6,590,201	4,452,649
Amounts owed to related parties	24,183,977	27,883,726	21,607,362	16,455,287
Gratuity accruals	-	138,512	-	117,112
Sundry Creditors	1,878,272	1,243,767	1,426,421	1,013,091
Total	**43,736,025**	**37,200,556**	**38,347,605**	**28,037,464**

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

Included in the amounts reported as accruals relates to customer rebates of about N1.31billion (2020: N907million); Duty and clearing costs amount to N2.05billion (2020: N1.41billion).

Transactions which relates to amount owed to related parties are disclosed in Note 31.

21.1 Unclaimed Dividend

21.1a The following dividends were declared by the Group during the year

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Declared in 2021, 25 kobo (2020: 10 kobo) per qualifying ordinary share	992,620	397,048	992,620	397,048

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

After the end of the reporting period, a dividend of N992.6 million representing 25 kobo per qualifying ordinary share (2020: 10 kobo) was proposed by the directors (2020: N397.05 million). The dividends have not been provided for and there are no income tax consequences until the dividend is declared.

21.1b Movement in Unclaimed Dividend

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Balance at 1 June	1,860,703	1,966,545	1,860,703	1,966,545
Dividend declared with respect to prior year	397,048	595,572	397,048	595,572
Payments during the year to First Registrars	(397,048)	(595,572)	(397,048)	(595,572)
Unpaid dividend received (see (ii) below)	54,908	54,282	54,908	54,282
Refund of overdrawn dividend payments (see (iii) below)	-	-	-	-
Statute barred dividend transferred to retained earnings (see (i) below)	-	(160,124)	-	(160,124)
Balance at 31 May	**1,915,611**	**1,860,703**	**1,915,611**	**1,860,703**

Notes to the consolidated and separate financial statements

21 Trade and other payables (cont'd)

21.1b Movement in Unclaimed Dividend (cont'd)

The balance as at year end is included in trade and other payables (Note 21)

(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 N54.9 million from First Registrars Limited during the year (2020: N54.2million).

(iii) This refers to dividend payments made by First Registrars on behalf of PZ Cussons Nigeria Plc now refunded.

22 Derivatives

In thousands of Naira	Group		Company	
	2021	**2020 Restated**	**2021**	**2020 Restated**
Deliverable forwards	582,967	704,961	95,293	302,906
Total	**582,967**	**704,961**	**95,293**	**302,906**

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

Notes to the consolidated and separate financial statements

23a Expense by nature

	Group		Company	
In thousands of naira	2021	2020 Restated	2021	2020 Restated
Changes in inventories of finished goods and work in progress	50,117,153	50,345,819	27,242,336	27,450,447
Obsolescence/ damaged inventory	116,400	53,700	-	78,244
Personnel expenses (Note 28.4)	6,708,019	7,648,317	5,151,711	5,894,044
Fuel and gas	1,802,039	1,537,659	1,781,810	1,510,978
Depreciation (Note 4)	2,595,617	2,690,254	2,409,494	2,496,349
Depreciation - Right-of-use (Note 5)	164,948	190,362	129,123	147,856
Amortization charge - Intangible assets (Note 6)	105,962	105,962	105,962	105,962
Auditors remuneration	120,206	123,238	90,871	92,769
Directors emoluments (Note 28.1)	234,675	217,961	234,675	217,961
Rent and rates	150,846	102,010	149,908	91,593
Insurance	359,303	356,390	332,574	346,665
Freight/carriage cost	2,586,896	2,513,657	1,561,563	1,360,855
Security	306,940	315,967	303,474	314,399
PZ Foundation donation	50,000	50,000	50,000	50,000
Global shared services support	2,863,033	2,197,681	1,579,200	1,482,625
Vehicle repairs and maintenance	563,932	685,292	419,345	561,601
Technical Know, R&D support, Trademark & Management fees (Note 30)	2,285,851	1,916,161	2,285,851	1,916,161
Advertising and market promotions	1,860,839	1,559,012	1,356,817	875,232
Allowance for doubtful receivables (Note 10.1)	85,064	137,242	53,313	113,907
Building & plant maintenance	1,164,771	-	1,089,598	-
General and other expenses	1,189,894	1,268,541	452,550	311,224
	75,432,388	**74,015,225**	**46,780,175**	**45,418,872**
Cost of sales	59,484,304	58,324,628	35,497,947	34,358,901
Selling and distribution expenses	9,326,467	10,076,456	6,408,829	6,284,547
Allowance for doubtful receivables (Note 10.1)	85,064	137,242	53,313	113,907
Administrative expenses	6,536,553	5,476,899	4,820,086	4,661,517
Total	**75,432,388**	**74,015,225**	**46,780,175**	**45,418,872**

23b Exchange loss

	Group		Company	
In thousands of naira	2021	2020	2021	2020
Foreign exchange loss	5,950,787	945,860	1,791,086	248,873

*Exchange loss was taken into consideration by the Group and Company before arriving at the operating profit in the statement of comprehensive income (Note 36).

Notes to the consolidated and separate financial statements

24a Other income

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Scrap sales and rental income	179,033	177,635	325,755	318,261
Profit on disposal of fixed assets	1,898,883	1,500	1,898,883	1,500
Total	**2,077,916**	**179,135**	**2,224,638**	**319,761**

The profit on disposal relates mainly to the sale of part of factory land at Ikorodu. The portion of the land sold to Friesland Campina Wamco Nigeria PLC is approximately 67,733.235 square metres. The company received the sum of N2.124 billion as consideration for the sales resulting in profit on disposal of N1.899 billion subject to a capital gains tax of N187.35 million.

24b 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 25).

The Group analyses its net revenue by the following categories:

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Home and personal care products	47,832,559	38,939,223	47,832,559	38,939,223
Durable electrical appliances	34,744,981	28,053,338	-	-
Total	**82,577,540**	**66,992,561**	**47,832,559**	**38,939,223**

25 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.

Notes to the consolidated and separate financial statements

25 Operating segments (cont'd)

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.

25.1 Segment revenues and profits

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

As at May 2021	**Home and Personal Care Products**	**Durable electrical appliances**	**Eliminations**	**Total**
In thousands of naira				
Revenue				
Total gross segment revenue	47,832,559	34,744,981	-	82,577,540
Intersegment revenue	-	-	-	-
Total Revenue	**47,832,559**	**34,744,981**	**-**	**82,577,540**
Segment operating profit	(738,702)	1,933,067	-	1,194,365
Depreciation (Note 4)	(2,409,494)	(186,123)	-	(2,595,617)
Interest income (Note 32)	408,039	13,212	(182,688)	238,563
Interest cost (Note 32)	(12,329)	(241,839)	182,688	(71,480)
Profit before taxation	**1,881,646**	**1,557,718**	**-**	**3,439,364**
Taxation (Note 18)	(1,064,324)	(679,587)	-	(1,743,911)
Profit after taxation	**817,322**	**878,131**	**-**	**1,695,453**

The following is an analysis of the Group's revenue and results by reportable segment in 2020:

Notes to the consolidated and separate financial statements

25 Operating segments (cont'd)

25.1 Segment revenues and profits (cont'd)

As at May 2020	**Home and Personal Care Products**	**Durable electrical appliances**	**Eliminations**	**Total**
In thousands of naira				
Revenue				
Total gross segment revenue	38,939,223	28,053,338	-	66,992,561
Intersegment revenue	-	-	-	-
Total Revenue	**38,939,223**	**28,053,338**	**-**	**66,992,561**
Segment operating loss	(6,728,522)	(1,240,002)	-	(7,968,524)
Depreciation (Note 4)	(2,496,349)	(193,905)	-	(2,690,254)
Interest income (Note 32)	338,419	29,930	(63,378)	304,971
Interest cost (Note 32)	(276,515)	(241,097)	63,378	(454,234)
Loss before taxation	**(6,346,857)**	**(1,591,795)**	-	**(7,938,652)**
Taxation (Note 18)	410,832	319,609	-	730,441
Loss after taxation	**(5,936,025)**	**(1,272,186)**	**-**	**(7,208,211)**

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 N79.21 billion (2020: N64.97 billion) and the total of revenue from external customers from other countries is N3.37 billion (2020: N2.02 billion) (Note 25.5). There were no intersegment sales in the current year (2020: Nil).

25.2 Segment assets

As at May 2021	**Home and Personal Care Products**	**Durable electrical appliances**	**Eliminations**	**Total**
In thousands of naira				
Property plant and equipment (Note 4)	23,126,484	1,543,613	-	24,670,097
Intangible assets (Note 6)	635,770	-	-	635,770
Other long-term receivables	113,937	-	-	113,937
Financial assets (Note 3.1)	28,688,325	7,721,458	-	36,409,783
Inventories (Note 9)	15,282,696	7,945,268	-	23,227,964
Total segment assets	**67,847,212**	**17,210,339**	-	**85,057,551**
Unallocated assets	1,521,496	1,270,230	(504,406)	2,287,320
Consolidated total assets	**69,368,708**	**18,480,569**	**(504,406)**	**87,344,871**

Notes to the consolidated and separate financial statements

25 Operating segments (cont'd)

25.2 Segment assets (cont'd)

As at May 2020	Home and Personal Care Products	Durable electrical appliances	Eliminations	Total
In thousands of naira				
Property plant and equipment (Note 4)	24,628,863	1,561,379	-	26,190,242
Intangible assets (Note 6)	741,732	-	-	741,732
Financial assets (Note 3.1)	15,530,418	6,422,027	-	21,952,445
Inventories (Note 9)	15,654,747	10,603,952	-	26,258,699
Total segment assets	**56,555,760**	**18,587,358**	-	**75,143,118**
Unallocated assets	1,061,062	2,333,924	(504,406)	2,890,580
Consolidated total assets	**57,616,822**	**20,921,282**	**(504,406)**	**78,033,698**

The total segment assets located in Nigeria is N87.3 billion (2020: N78.0 billion), and the total of such segment assets located in other countries is Nil (2020: 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.

25.3 Other segment information

	Depreciation and amortisation		Additions to non-current assets	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Home and Personal Care Products	2,515,456	2,602,311	958,598	1,266,251
Durable Electrical Appliances	186,123	193,905	168,357	273,384
	2,701,579	**2,796,216**	**1,126,955**	**1,539,635**

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.

25.4 Revenues from major products

The Group's revenues from its major products and are disclosed in Note 24b.

25.5 Geographical information

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

Group

	Revenue from external customers	
In thousands of naira	**2021**	**2020**
Domestic (within Nigeria)	79,202,599	64,968,565
Export (outside Nigeria)	3,374,941	2,023,996
Total revenue from contract with customers	**82,577,540**	**66,992,561**

Notes to the consolidated and separate financial statements

25 Operating segments (cont'd)

25.5 Geographical information (cont'd)

Company

	Revenue from external customers	
In thousands of naira	**2021**	**2020**
Domestic (within Nigeria)	44,457,618	36,915,227
Export (outside Nigeria)	3,374,941	2,023,996
Total revenue from contract with customers	**47,832,559**	**38,939,223**

The total value of non-current assets from which revenue was derived are: Group N25.62 billion (2020: N27.21 billion), Company N24.55 billion (2020: 26.08 billion)

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

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

25.6 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.

Notes to the consolidated and separate financial statements

26 Changes in presentation and restatement of comparatives

The Group has de-recognised and represented some items of financial statements in a manner that better reflects the nature of those items and in line with the requirements of the applicable International Financial Reporting Standards (IFRS). Consequently, the presentation of the comparative figures and the prior year's balances have been restated in line with IAS 1 (Presentation of financial statements), IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), IAS 7 (Statement of Cash flows) and other applicable financial reporting standards for meaningful comparison. The details of these items are stated below:

Restatement relating to Export Expansion Grant scheme (EEG) recognition criteria

The Export Expansion Grant ('EEG') is one of the export incentives introduced by the Federal Government. At the inception of the EEG scheme, the Group developed its accounting policy on EEG recognition criteria based on its interpretation of the policy and the guidance issued by relevant authority. This accounting policy was applied consistently over the years.

The accounting policy stipulates that Export expansion grant (EEG) and Negotiable duty credit certificates (NDCC) are initially recognised at fair value when the Group has complied with all the conditions precedents as issued in the EEG Policy documents. 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 grant is recognised as a reduction to cost of sales with a corresponding recognition of receivable from government when the stipulated conditions are met, and relevant documentations are submitted to relevant authorities.

In the current year, the Group evaluated the recognition criteria based on the review of the recoverability of the Export rebate grants and determined to change the criteria to better reflect the nature of the grant based on historical and industry record. In view of the evaluation as well as current realities, it now considers it previous assessment of the reasonability of the grant receipt an error and should have adjusted for it in 2014 when the probability of receipts reduced significantly.

The new accounting policy on EEG recognition stipulates that the Export expansion grant (EEG) and the Export Credit certificates (ECC) are initially recognised at fair value when the Group has received the ECC certificates from the government. The Group will now treat EEG as contingent assets when the criteria for submission of the claim is met and necessary application filed. The ECC will only be recognised in the period received and at which time the grant will be recognised as part of other income in the financial statements. Additionally, previous grant certificate (NDDC) will equally be considered as a contingent asset until the related Export Credit Certificates (ECC) is received. Thus, the Export Rebates receivable and Export Credit Certificates (ECC) is de-recognised the current EEG receivable as well as the related NDCC and adjusted retrospectively following the change in accounting policy in line with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors).

Notes to the consolidated and separate financial statements

26 Changes in presentation and restatement of comparatives

i Statement of profit or loss and other comprehensive income

				Group			
		Initial	**Impact of adjustment**	**Restated**	**Initial**	**Impact of adjustment**	**Restated**
In thousands of naira		**31-May-20**		**31-May-20**	**31-May-19**		**31-May-19**
Revenue		66,992,561	-	66,992,561	74,336,468	-	74,336,468
Cost of sales	**a**	(58,370,711)	46,083	(58,324,628)	(57,235,233)	-	(57,235,233)
Gross profit		**8,621,850**	**46,083**	**8,667,933**	**17,101,235**	**-**	**17,101,235**
Selling and distribution expenses		(10,076,456)	-	(10,076,456)	(10,589,019)	-	(10,589,019)
Impairment of trade receivables		(137,242)	-	(137,242)	(106,210)	-	(106,210)
Administrative expenses		(5,476,899)	-	(5,476,899)	(4,132,994)	-	(4,132,994)
Exchange loss		(945,860)	-	(945,860)	(444,277)	-	(444,277)
Operating (loss)/ profit		**(8,014,607)**	**46,083**	**(7,968,524)**	**1,828,735**	**-**	**1,828,735**
Other income		179,135	-	179,135	122,742	-	122,742
Interest income		304,971	-	304,971	294,997	-	294,997
Interest cost		(454,234)	-	(454,234)	(304,027)	-	(304,027)
(Loss)/ Profit before tax		**(7,984,735)**	**46,083**	**(7,938,652)**	**1,942,447**	**-**	**1,942,447**
Income tax expense	**e**	745,176	(14,735)	730,441	(4,303,924)	-	(4,303,924)
Loss for the year		**(7,239,559)**	**31,348**	**(7,208,211)**	**(2,361,477)**	**-**	**(2,361,477)**
Other comprehensive income							
Total comprehensive loss for the year		**(7,239,559)**	**31,348**	**(7,208,211)**	**(2,361,477)**	**-**	**(2,361,477)**
Equity holders of the parent company		(6,921,291)	31,254	(6,890,037)	(2,505,908)	-	(2,505,908)
Non-controlling interest		(318,268)	94	(318,174)	144,431	-	144,431
		(7,239,559)	**31,348**	**(7,208,211)**	**(2,361,477)**	**-**	**(2,361,477)**
Basic and diluted loss per share (kobo)		(1.74)		(1.74)	(0.63)		(0.63)

Notes to the consolidated and separate financial statements

26 Changes in presentation and restatement of comparatives (cont'd)

ii Statement of financial position

				Group			
		Initial	**Impact of adjustment**	**Restated**	**Initial**	**Impact of adjustment**	**Restated**
In thousands of naira		**31-May-20**		**31-May-20**	**31-May-19**		**31-May-19**
Assets							
Non-current assets							
Property, plant and equipment		26,190,242	-	26,190,242	27,340,861	-	27,340,861
Right-of-use assets		275,042	-	275,042	-	-	-
Intangible assets		741,732	-	741,732	847,694	-	847,694
Investment in subsidiary		-	-	-	-	-	-
Deferred taxation	**d**	1,483,917	13,170	1,497,087	1,006,617	13,511	1,020,128
Other long-term receivables	**b**	1,914,526	(1,914,526)	-	1,990,470	(1,960,609)	29,861
Total non-current assets		**30,605,459**	**(1,901,356)**	**28,704,103**	**31,185,642**	**(1,947,098)**	**29,238,544**
Current assets							
Inventories		26,258,699	-	26,258,699	28,599,056	-	28,599,056
Trade and other receivables		8,016,571	-	8,016,571	13,281,886	-	13,281,886
Loan receivables		2,049,000	-	2,049,000	1,883,900	-	1,883,900
Other assets		1,010,312	-	1,010,312	1,270,003	-	1,270,003
Deposits for imports		497,114	-	497,114	2,204,023	-	2,204,023
Derivatives		704,961		704,961	-	-	-
Cash and cash equivalents		10,792,938	-	10,792,938	2,518,847	-	2,518,847
Total current assets		**49,329,595**	**-**	**49,329,595**	**49,757,715**	**-**	**49,757,715**
Total assets		**79,935,054**	**(1,901,356)**	**78,033,698**	**80,943,357**	**(1,947,098)**	**78,996,259**
Equity and liabilities							
Equity							
Share capital		1,985,238	-	1,985,238	1,985,238	-	1,985,238
Share premium		6,878,269	-	6,878,269	6,878,269	-	6,878,269
Retained earnings	**b,c,d**	22,923,165	(1,294,750)	21,628,415	30,279,904	(1,326,004)	28,953,900
Equity attributable to equity holders of parent company		31,786,672	(1,294,750)	30,491,922	39,143,411	(1,326,004)	37,817,407
Non-controlling interest	**b,c,d**	2,773,281	(8,017)	2,765,264	3,091,549	(8,111)	3,083,438
Total Equity		**34,559,953**	**(1,302,767)**	**33,257,186**	**42,234,960**	**(1,334,115)**	**40,900,845**
Liabilities							
Non-current liabilities							
Deferred income		6,605	-	6,605	-	-	-
Contract liabilities		54,442		54,442	-	-	-
Deferred taxation	**d**	6,852,605	(560,098)	6,292,507	7,518,925	(574,672)	6,944,253
Warranty provisions		245,418	-	245,418	76,320	-	76,320
Lease Liability		119,847	-	119,847	-	-	-
Total non-current liabilities		**7,278,917**	**(560,098)**	**6,718,819**	**7,595,245**	**(574,672)**	**7,020,573**
Current liabilities							
Trade and other payables		37,200,556	-	37,200,556	29,343,428	-	29,343,428
Loan payables		-	-	-	1,173,870	-	1,173,870
Deferred income		20,827	-	20,827	-	-	-
Current taxation payable	**c**	620,176	(38,491)	581,685	412,826	(38,311)	374,515
Warranty provisions		99,430	-	99,430	183,028	-	183,028
Lease Liability		155,195	-	155,195	-	-	-
Total current liabilities		**38,096,184**	**(38,491)**	**38,057,693**	**31,113,152**	**(38,311)**	**31,074,841**
Total liabilities		**45,375,101**	**(598,589)**	**44,776,512**	**38,708,397**	**(612,983)**	**38,095,414**
Total equity and liabilities		**79,935,054**	**(1,901,356)**	**78,033,698**	**80,943,357**	**(1,947,098)**	**78,996,259**

Notes to the consolidated and separate financial statements

26 Changes in presentation and restatement of comparatives (cont'd)

iii Statement of cash flows

In thousands of naira		Initial 31-May-20	Group Impact of adjustment	Restated 31-May-20
Cash flow from operating activities				
Loss before tax	a	(7,984,735)	46,083	(7,938,652)
Adjustments for:			-	
Depreciation of property, plant & equipment		2,690,254	-	2,690,254
Depreciation right-of-use		190,362	-	190,362
Amortization of intangible asset		105,962	-	105,962
Profit on disposal of PPE		(1,500)	-	(1,500)
Withholding tax utilized		(178,671)	-	(178,671)
ECC utilised during the year		(11,814)	-	(11,814)
Interest expense		454,234	-	454,234
Interest income		(304,971)	-	(304,971)
		(5,040,879)	**46,083**	**(4,994,796)**
Change in:				
Inventories		2,340,357	-	2,340,357
Trade and other receivables		5,265,315	-	5,265,315
Other assets		259,691	-	259,691
Other Long-term receivables	a	75,944	(46,083)	29,861
Deposit for imports		1,706,909	-	1,706,909
Derivatives		(704,961)	-	(704,961)
Trade and other payables		7,856,960	-	7,856,960
Deferred Income		27,432	-	27,432
Contract liabilities		54,442	-	54,442
Warranty provisions		85,500	-	85,500
Cash generated from operating activities		**11,926,710**	-	**11,926,710**
Income tax paid		(441)	-	(441)
Net cash generated from operating activities		**11,926,269**	**-**	**11,926,269**
Cash flow from investing activities				
Interest income		304,971	-	304,971
Loan advanced		(165,100)	-	(165,100)
Loan repayment		-	-	-
Proceeds from sale of property, plant and equipment		1,500	-	1,500
Acquisition of property, plant and equipment		(1,539,635)	-	(1,539,635)
Net cash used in investing activities		**(1,398,264)**	**-**	**(1,398,264)**
Cash flow from financing activities				
Dividends paid		(595,572)	-	(595,572)
Unclaimed dividends forfeited		160,124	-	160,124
Interest expense paid		(454,234)	-	(454,234)
Lease payment		(190,362)	-	(190,362)
Loan repayment		(1,173,870)	-	(1,173,870)
Net cash used in financing activities		**(2,253,914)**	**-**	**(2,253,914)**
Net increase in cash and cash equivalents		8,274,091	-	8,274,091
Cash and cash equivalents at 1 June		2,518,847	-	2,518,847
Cash and cash equivalents at 31 May		**10,792,938**	**-**	**10,792,938**

Notes to the consolidated and separate financial statements

26 Changes in presentation and restatement of comparatives (cont'd)

Notes

The following are the adjustments made retrospectively in respect of export expansion grant, negotiable duty credit certificate and export credit certificate which were recognized in prior years:

a. *In thousands of naira*

	2020	2019
Reversal of rebates recognised	(1,712,056)	-
Reversal of rebates Impaired	1,746,325	-
Export Credit Certificate received	11,814	-
	46,083	**-**

b. *In thousands of naira*

	2020	2019
Derecognition of EEG and NDCC brought forward	(1,960,609)	(1,960,609)
Derecognition of additional EEG	(1,712,056)	-
Derecognition of impairment charged in the year	1,746,325	-
Recognition of Export Credit Certificates received in the year	11,814	-
	(1,914,526)	**(1,960,609)**

The following are the tax impacts on the adjustments made retrospectively in respect of export expansion grant, negotiable duty credit certificate and export credit certificate which were recognized in prior years:

c. *In thousands of naira*

	2020	2019
Impact on Company income tax payable @ 2%	38,491	38,311

d. *In thousands of naira*

	2020	2019
Impact on deferred tax asset @ 30%	13,170	13,511
Impact on deferred tax liability @ 30%	560,098	574,672
	573,268	**588,183**

e *In thousands of naira*

	2020	2019
Impact on income tax expense @ 32%	14,735	-

Notes to the consolidated and separate financial statements

26 Changes in presentation and restatement of comparatives (cont'd)

iv Statement of profit or loss and other comprehensive income

		Company					
		Initial	**Impact of adjustment**	**Restated**	**Initial**	**Impact of adjustment**	**Restated**
In thousands of naira		**31-May-20**		**31-May-20**	**31-May-19**		**31-May-19**
Revenue		38,939,223	-	38,939,223	47,200,919	-	47,200,919
Cost of sales	**f**	(34,404,445)	45,544	(34,358,901)	(34,997,013)	-	(34,997,013)
Gross profit		**4,534,778**	**45,544**	**4,580,322**	**12,203,906**	**-**	**12,203,906**
Selling and distribution expenses		(6,284,547)	-	(6,284,547)	(7,307,131)	-	(7,307,131)
Impairment of trade receivables		(113,907)	-	(113,907)	(98,974)	-	(98,974)
Administrative expenses		(4,661,517)	-	(4,661,517)	(3,769,694)	-	(3,769,694)
Exchange loss		(248,873)	-	(248,873)	(381,673)	-	(381,673)
Operating (loss)/ profit		**(6,774,066)**	**45,544**	**(6,728,522)**	**646,434**	**-**	**646,434**
Other income		319,761	-	319,761	263,313	-	263,313
Interest income		338,419	-	338,419	393,512	-	393,512
Interest cost		(276,515)	-	(276,515)	(175,868)	-	(175,868)
(Loss)/ Profit before tax		**(6,392,401)**	**45,544**	**(6,346,857)**	**1,127,391**	**-**	**1,127,391**
Income tax expense	**j**	425,406	(14,574)	410,832	(4,066,364)	-	(4,066,364)
Loss for the year		**(5,966,995)**	**30,970**	**(5,936,025)**	**(2,938,973)**	**-**	**(2,938,973)**
Other comprehensive income							
Total comprehensive loss for the year		**(5,966,995)**	**30,970**	**(5,936,025)**	**(2,938,973)**	**-**	**(2,938,973)**
Equity holders of the parent company		(5,966,995)	30,970	(5,936,025)	(2,938,973)	-	(2,938,973)
Non-controlling interest		-	-	-	-	-	-
		(5,966,995)	**30,970**	**(5,936,025)**	**(2,938,973)**	**-**	**(2,938,973)**
Basic Loss per share (kobo)		(1.50)		(1.50)	(0.74)		(0.74)

Notes to the consolidated and separate financial statements

26 Changes in presentation and restatement of comparatives (cont'd)

v Statement of financial position

For the year ended

		Company					
			Impact of adjustment	**Restated**	**Initial**	**Impact of adjustment**	**Restated**
In thousands of naira		**31-May-20**		**31-May-20**	**31-May-19**		**31-May-19**
Assets							
Non-current assets							
Property, plant and equipment		24,628,863	-	24,628,863	25,858,961	-	25,858,961
Right-of-use assets		209,724	-	209,724	-	-	-
Intangible assets		741,732	-	741,732	847,694	-	847,694
Investment in subsidiary		504,406	-	504,406	504,406	-	504,406
Other long-term receivables	**g**	1,870,028	(1,870,028)	-	1,945,433	(1,915,572)	29,861
Total non-current assets		**27,954,753**	**(1,870,028)**	**26,084,725**	**29,156,494**	**(1,915,572)**	**27,240,922**
Current assets							
Inventories		15,654,747	-	15,654,747	19,168,436	-	19,168,436
Trade and other receivables		4,087,173	-	4,087,173	8,028,500	-	8,028,500
Loan receivables		2,049,000	-	2,049,000	3,464,576	-	3,464,576
Other assets		849,486	-	849,486	920,003	-	920,003
Deposits for imports		15,463	-	15,463	1,590,536	-	1,590,536
Derivatives		302,906		302,906	-	-	-
Cash and cash equivalents		8,573,322	-	8,573,322	1,987,131	-	1,987,131
Total current assets		**31,532,097**	**-**	**31,532,097**	**35,159,182**	**-**	**35,159,182**
Total assets		**59,486,850**	**(1,870,028)**	**57,616,822**	**64,315,676**	**(1,915,572)**	**62,400,104**
Equity and liabilities							
Equity							
Share capital		1,985,238	-	1,985,238	1,985,238	-	1,985,238
Share premium		6,878,269	-	6,878,269	6,878,269	-	6,878,269
Retained earnings	**g,h,i**	15,033,304	(1,271,619)	13,761,685	21,435,747	(1,302,589)	20,133,158
Equity attributable to equity holders of parent company		23,896,811	(1,271,619)	22,625,192	30,299,254	(1,302,589)	28,996,665
Non-controlling interest		-	-	-	-	-	-
Total Equity		**23,896,811**	**(1,271,619)**	**22,625,192**	**30,299,254**	**(1,302,589)**	**28,996,665**
Liabilities							
Non-current liabilities							
Deferred income		6,605	-	6,605	-	-	-
Deferred taxation	**i**	6,852,605	(560,098)	6,292,507	7,518,925	(574,672)	6,944,253
Warranty provisions		-	-	-	-	-	-
Lease Liability		91,887	-	91,887	-	-	-
Total non-current liabilities		**6,951,097**	**(560,098)**	**6,390,999**	**7,518,925**	**(574,672)**	**6,944,253**
Current liabilities							
Trade and other payables		28,037,464	-	28,037,464	25,835,801	-	25,835,801
Loan payables		-	-	-	248,870	-	248,870
Deferred income		20,827	-	20,827	-	-	-
Current taxation payable	**h**	462,814	(38,311)	424,503	412,826	(38,311)	374,515
Warranty provisions		-	-	-	-	-	-
Lease Liability		117,837	-	117,837	-	-	-
Total current liabilities		**28,638,942**	**(38,311)**	**28,600,631**	**26,497,497**	**(38,311)**	**26,459,186**
Total liabilities		**35,590,039**	**(598,409)**	**34,991,630**	**34,016,422**	**(612,983)**	**33,403,439**
Total equity and liabilities		**59,486,850**	**(1,870,028)**	**57,616,822**	**64,315,676**	**(1,915,572)**	**62,400,104**

Notes to the consolidated and separate financial statements

26 Changes in presentation and restatement of comparatives (cont'd)

vi Statement of cash flows

In thousands of naira		Initial 31-May-20	Company Impact of adjustment	Restated 31-May-20
Cash flow from operating activities				
Profit/(Loss) before tax	**f**	(6,392,401)	45,544	(6,346,857)
Adjustments for:			-	
Depreciation of property, plant & equipment		2,496,349	-	2,496,349
Depreciation right-of-use		147,856	-	147,856
Amortization of intangible asset		105,962	-	105,962
Profit on disposal of PPE		(1,500)	-	(1,500)
Withholding tax utilized		(178,671)	-	(178,671)
ECC utilised during the year		(11,814)	-	(11,814)
Interest expense		276,515	-	276,515
Interest income		(338,419)	-	(338,419)
		(3,896,123)	**45,544**	**(3,850,579)**
Change in:				
Inventories		3,513,689	-	3,513,689
Trade and other receivables		3,941,327	-	3,941,327
Other assets		70,517	-	70,517
Other long-term receivables	**f**	75,405	(45,544)	29,861
Deposit for imports		1,575,073	-	1,575,073
Derivatives		(302,906)	-	(302,906)
Trade and other payables		2,201,663	-	2,201,663
Deferred Income		27,432	-	27,432
Contract liabilities		-	-	-
Warranty provisions		-	-	-
Cash generated from operating activities		**7,206,077**	-	**7,206,077**
Income tax paid		(441)	-	(441)
Net cash generated from operating activities		**7,205,636**	**-**	**7,205,636**
Cash flow from investing activities				
Interest income		338,419	-	338,419
Loan advanced		-	-	-
Loan repayment		1,415,576	-	1,415,576
Proceeds from sale of property, plant and equipment		1,500	-	1,500
Acquisition of property, plant and equipment		(1,266,251)	-	(1,266,251)
Net cash generated from investing activities		**489,244**	**-**	**489,244**
Cash flow from financing activities				
Dividends paid		(595,572)	-	(595,572)
Unclaimed dividends forfeited		160,124	-	160,124
Interest expense paid		(276,515)	-	(276,515)
Lease payment		(147,856)	-	(147,856)
Loan repayment		(248,870)	-	(248,870)
Net cash used in financing activities		**(1,108,689)**	**-**	**(1,108,689)**
Net increase in cash and cash equivalents		6,586,191	-	6,586,191
Cash and cash equivalents at 1 June		1,987,131	-	1,987,131
Cash and cash equivalents at 31 May		**8,573,322**	**-**	**8,573,322**

Notes to the consolidated and separate financial statements

26 Changes in presentation and restatement of comparatives (cont'd)

Notes

The following are the adjustments made retrospectively in respect of export expansion grant, negotiable duty credit certificate and export credit certificate which were recognized in prior years:

f *In thousands of naira*

	2020	2019
Reversal of rebates recognised	(1,712,056)	-
Reversal of rebates Impaired	1,745,786	-
Export Credit Certificates received	11,814	-
	45,544	**-**

g *In thousands of naira*

	2020	2019
Derecognition of EEG and NDCC brought forward	(1,915,572)	(1,915,572)
Derecognition of additional EEG	(1,712,056)	-
Derecognition of impairment charged in the year	1,745,786	-
Recognition of Export Credit Certificates received in the year	11,814	-
	(1,870,028)	**(1,915,572)**

The following are the tax impact on the adjustments made retrospectively in respect of export expansion grant, negotiable duty credit certificate and export credit certificate which were recognized in prior years:

h *In thousands of naira*

	2020	2019
Impact on Company income tax payable @ 2%	38,311	38,311

i *In thousands of naira*

	2020	2019
Impact on deferred tax liability @ 30%	560,098	574,672

j *In thousands of naira*

	2020	2019
Impact on income tax expense @ 32%	14,574	-

27 Earnings/(Loss) per share

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

	Group		Company	
	2021	2020	2021	2020
Profit/(Loss) attributable to equity holders of parent company (N'000)	1,475,606	(6,890,037)	817,322	(5,936,025)
Weighted average number of ordinary shares in issue ('000)	3,970,477	3,970,477	3,970,477	3,970,477
Basic earnings/(loss) per share (Naira/share)	**0.37**	**(1.74)**	**0.21**	**(1.50)**

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

Notes to the consolidated and separate financial statements

28 Directors and employees emoluments

28.1

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Chairman and director's emoluments:				
Chairman	10,550	9,550	10,550	9,550
Directors	224,125	208,411	224,125	208,411
Total	**234,675**	**217,961**	**234,675**	**217,961**
As fees (As per Non-Executive Directors)	6,350	7,000	6,350	7,000
Other emoluments (As per Non-Executive Directors)	31,150	28,550	31,150	28,550
Emoluments As per Executive Directors	197,175	182,411	197,175	182,411
Total	**234,675**	**217,961**	**234,675**	**217,961**

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

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

28.2.1 Executive Directors

	Group		Company	
	2021 Number	**2020 Number**	**2021 Number**	**2020 Number**
N10,000,000 - N20,000,000	-	2	-	2
N20,000,001 - N30,000,000	3	1	3	1
N30,000,001 - N40,000,000	-	1	-	1
N80,000,001 - N90,0000,000	-	-	-	-
N90,000,001 - N100,000,000	-	1	-	1
N100,000,001 - N125,000,000	1	-	1	-
Directors with salaries and allowances as emoluments	**4**	**5**	**4**	**5**

28.2.2 Non-Executive Directors

N1,000,000 - N5,000,000	2	-	2	-
N5,000,001 – N10,000,000	5	5	5	5
Directors with fees and emoluments	**7**	**5**	**7**	**5**
Directors with no emoluments	-	-	-	-
Total	**7**	**5**	**7**	**5**

28.3 Highest paid director received

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Highest paid director received	126,309	94,366	126,309	94,366

28.4 Personnel expenses

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

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Salaries, wages and other employee expenses	5,918,042	6,784,445	4,548,313	5,215,559
Pension costs - defined contribution plan	493,710	555,895	369,508	425,650
Pension costs - gratuity scheme	296,267	307,977	233,890	252,835
Total	**6,708,019**	**7,648,317**	**5,151,711**	**5,894,044**

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

28 Directors and employees emoluments (cont'd)

28.4 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:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Number	**Number**	**Number**	**Number**
N1,000,000 and below	10	10	7	8
N1,000,001 - N1,500,000	6	7	6	6
N1,500,001 - N2,000,000	38	42	8	9
N2,000,001 - N2,500,000	424	467	273	304
N2,500,001 - N3,000,000	327	361	249	277
N3,000,001 - N3,500,000	94	103	73	81
N3,500,001 - N4,000,000	46	50	40	45
N4,000,001 and above	237	262	182	203
	1,182	**1,302**	**838**	**933**

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	Number	**Number**	**Number**	**Number**
Production	667	792	497	595
Sales and distribution	397	405	243	248
Administration	118	105	98	90
Total	**1,182**	**1,302**	**838**	**933**

29 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

29 Contingencies (cont'd)

a. Assets (cont'd)

Negotiable Duty Credit Certificate (NDCC) (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.

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

Negotiable Duty Credit Certificate (NDCC)

In thousands of naira	Group	
	2021	**2020**
NDCC with NEPC (awaiting conversion to ECC)	297,492	297,492
Export Rebate filed with Government	3,375,174	3,375,174
	3,672,666	**3,672,666**
NDCC with NEPC (awaiting conversion to ECC) held on behalf related entities	352,508	352,508
Total - NDCC and Export rebates receivable	**4,025,174**	**4,025,174**

b. Liabilities

Pending litigation and claims

The Group is engaged in lawsuits that have arisen in the normal course of business. The contingent liabilities in respect of these pending litigations amounted to N1.86 billion as at 31 May 2021 (2020: N285.3 million). 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.

Also, the Group is engaged in a lawsuit with the federal government that have arisen from alleged ownership of landed properties situated in Ikoyi, Lagos state. The properties in this case is valued at N4.1 billion. In the opinion of the directors, and based on independent legal advice, the Company has title/certificates of occupancy to the affected land, which provides prima facie evidence of ownership, however there is no precedence to estimate the outcome of the matter.

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

Notes to the consolidated and separate financial statements

29 Contingencies (cont'd)

b Liabilities (cont'd)

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

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

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 N18.90 billion (2020: N16.25 billion).

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

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Authorised and contracted	150,202	1,325,815	1,271,077	1,167,596
Authorised but not contracted	1,398,467	235,278	122,449	149,610
Total	**1,548,669**	**1,561,093**	**1,393,526**	**1,317,206**

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

NOTAP Approved Items	**Bases**	**Rates**	**2021**	**2020**
Technical Knowhow	Net Sales of Company Sales	3%	1,414,362	1,277,147
Technical service (R & D)	Net Sales of Company Sales	1%	509,534	426,009
Trademark	Net Sales of Company Sales	0.5%	361,955	213,005
Management Fee	Profit before tax (PBT)	4%	-	-
Sub total			**2,285,851**	**1,916,161**
IT Recharge			2,863,033	2,197,681
Total			**5,148,884**	**4,113,842**

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

Notes to the consolidated and separate financial statements

31 Related party transactions

31.1 Group and company

The group and company are controlled by PZ Cussons (Holdings) Limited, incorporated in the UK, which owns 73.27% (2020: 73.27%) of the group and company's shares. The remaining 26.73% (2020: 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 2021 (31 May 2020: Nil) and no charges to the income statement in respect of doubtful related party receivables for the years then ended.

The company controls HPZ Limited in which it has controlling interest. This is detailed in Note 7.

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

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

31.2 Transactions with related parties

Purchase of goods and services

Purchases of goods from joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (parent company)**:

	Group		**Company**	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
- Seven Scent Limited	2,056,606	2,680,726	2,056,606	2,680,726
- PZ Cussons Singapore Private Limited	12,432,468	34,522,971	5,190,450	6,206,297
- PZ Cussons Indonesia	5,330	2,524	5,330	2,524
- PZ Cussons Thailand	9,508	-	9,508	-
- PZ Wilmar Limited	3,730,589	2,754,946	3,730,589	2,754,946
	18,234,501	**39,961,167**	**10,992,483**	**11,644,493**

Notes to the consolidated and separate financial statements

31 Related party transactions (cont'd)

31.2 Transactions with related parties (cont'd)

Purchase of goods and services (cont'd)

Purchases of goods from joint ventures and subsidiaries of PZ Cussons (Holdings) Limited (parent company)**:

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
- R& D Support - PZ Cussons International Limited	509,534	426,009	509,534	426,009
- Technical Knowhow fees - PZ Cussons International Limited	1,414,362	1,277,147	1,414,362	1,277,147
- Trade Mark - PZ Cussons International Limited	361,955	213,005	361,955	213,005
- Management fees - PZ Cussons International Limited	-	-	-	-
	2,285,851	**1,916,161**	**2,285,851**	**1,916,161**
Recharge of services from PZ Cussons (Holdings) Limited (parent company)				
- Global shared services support	2,863,033	2,197,681	1,579,200	1,482,625
Total	**23,383,385**	**44,075,009**	**14,857,534**	**15,043,279**
Sales of goods				
- PZ Cussons Ghana Limited	3,561,859	1,882,409	3,561,859	1,882,409
- PZ Cussons East Africa Limited, Kenya	-	681	-	681
	3,561,859	**1,883,090**	**3,561,859**	**1,883,090**
Recharge of service cost recovery- Distribution fees:				
- HPZ Limited (Subsidiary)	-	-	2,834,081	1,993,115
- Harefield Industrial Nigeria Limited	552,149	522,236	552,149	522,236
- Nutricima Limited	519,001	357,342	519,001	357,342
- PZ Coolworld Limited	31,819	17,781	31,819	17,781
- PZ Wilmar Limited	-	390	-	390
- PZ Wilmar Food Limited	49,460	12,692	49,460	12,692
Sub-total – (A)	**1,152,429**	**910,441**	**3,986,510**	**2,903,556**
Recharge of local shared services by PZ Cussons Nigeria Plc				
- HPZ Limited (Subsidiary)	-	-	2,767,736	1,964,701
- Harefield Industrial Nigeria Limited	539,223	514,791	539,223	514,791
- Nutricima Limited	551,442	352,248	551,442	352,248
- PZ Coolworld Limited	31,074	17,528	31,074	17,528
- PZ Wilmar Limited	-	384	-	384
- PZ Wilmar Food Limited	3,712	12,511	3,712	12,511
Sub-total - (B)	**1,125,451**	**897,462**	**3,893,187**	**2,862,163**
Net Recharge/Recovery of service cost (A-B)	**26,978**	**12,979**	**93,323**	**41,393**
Total	**3,588,837**	**1,896,069**	**3,655,182**	**1,924,483**

Notes to the consolidated and separate financial statements

31 Related party transactions (cont'd)

Key management personnel compensation
Key management have been determined as directors (executive and non-executive) and the chairman. Details of their compensation is as shown in Note 28. No loans were advanced to any key personnel management during the year.

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

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Due to:				
- Subsidiaries of PZ Cussons Nigeria Plc				
- HPZ Limited	-	-	6,590,201	4,452,649
Sub Total	**-**	**-**	**6,590,201**	**4,452,649**
- Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited UK **				
- PZ Cussons International Limited	13,051,863	10,254,754	13,018,168	9,419,741
- Seven Scent Limited	2,125,347	2,345,957	2,125,347	2,345,957
- PZ Cussons Singapore Private Limited	4,447,927	12,381,805	2,027,390	1,788,379
- PZ Cussons (Holdings) Limited	269,115	1,872	269,115	1,872
- PZ Cussons Indonesia	4,242	-	4,242	-
- PZ Cussons (Thailand) Limited	9,762	-	9,762	-
- PZ Cussons India Private Limited	-	-	-	-
- Minerva SA Limited, Greece	-	-	-	-
- PZ Cussons Ghana Limited	-	-	-	-
- PZ Cussons East Africa Limited	-	-	-	-
- Nutricima Limited	1,793,839	1,612,940	1,793,839	1,612,940
- Harefield Industrial Nigeria Limited	2,359,499	1,286,398	2,359,499	1,286,398
- PZ Wilmar Limited	122,383	-	-	-
- PZ Coolworld Limited	-	-	-	-
Sub Total	**24,183,977**	**27,883,726**	**21,607,362**	**16,455,287**
Total	**24,183,977**	**27,883,726**	**28,197,563**	**20,907,936**
Due from:				
- Subsidiaries of PZ Cussons Nigeria Plc				
- HPZ Limited	-	-	5,368,797	82,440
Sub Total	**-**	**-**	**5,368,797**	**82,440**
- Joint ventures and subsidiaries of PZ Cussons (Holdings) Limited UK **				
- PZ Cussons International Limited	-	-	-	-
- Seven Scent Limited	-	-	-	-
- PZ Cussons Singapore Private Limited	-	-	-	-
- PZ Cussons Ghana Limited	548,397	397,911	548,397	397,911
- PZ Cussons East Africa Limited, Kenya	-	16,830	-	16,830
- PZ Cussons MESA, Dubai	-	-	-	-
- Nutricima Limited***	-	1,449	-	1,449
- Harefield Industrial Nigeria Limited	637,139	125,035	-	125,035
- PZ Coolworld Limited	106,643	2,250,386	106,643	2,250,386
- PZ Wilmar Limited	5,649,513	305,669	5,649,513	305,669
Sub Total	**6,941,692**	**3,097,280**	**6,304,553**	**3,097,280**
Total	**6,941,692**	**3,097,280**	**11,673,350**	**3,179,720**

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

Notes to the consolidated and separate financial statements

31 Related party transactions (cont'd)

In thousands of naira	Group 2021	Group 2020	Company 2021	Company 2020
Included within the closing balances above are short-term cash advances due from related parties:				
- HPZ Limited	-	-	5,368,797	-
- Nutricima Limited	-	-	-	-
- PZ Wilmar Limited	5,000,000	-	5,000,000	-
- PZ Coolworld Limited	-	2,049,000	-	2,049,000
	5,000,000	**2,049,000**	**10,368,797**	**2,049,000**

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

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

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

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

PZ Cussons Foundation
PZ Cussons Foundation is not a related party within the definition of IAS 24. The Foundation was established in 2007 to improve the quality of life of people living in Nigeria especially in areas around our operations across the country by building roads, schools, health centres, sport facilities, providing portable water, etc. As a corporate social responsibility outfit, 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 N50million (2020: N50million). 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.

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

During the year, the Group and company obtained and gave short-term advances at 6% p.a. from and to related parties. The advances have been fully liquidated at 2021 and 2020 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 2021 and 31 May 2020.

The Group and company incurred interest cost of N62.8 million (2020: N397.9 million) and N6.4 million (2020: N245.5 million) as well as earned N171.5 million (2020: N234.1 million) and N351.8 million (2020: N297.5 million) respectively on short-term advances to related parties. All inter-company interests have been eliminated on consolidation. The un-eliminated interest income and interest expense on consolidation relates to interest earned and interest paid on transactions with other related parties (i.e. Nutricima Limited, Harefield Industrial Nigeria Limited, PZ Coolworld Limited, PZ Wilmar Limited and PZ Wilmar Food Limited) outside of the PZ Cussons Nigeria Plc Group.

Notes to the consolidated and separate financial statements

32 Interest on advances from related entities and short-term borrowings from banks (cont'd)

	Group		Company	
In thousands of naira	**2021**	**2020**	**2021**	**2020**
Interest paid to related companies				
HPZ Limited	-	-	-	-
Nutricima Limited	(62,817)	(349,762)	(6,422)	(231,868)
Harefield Industrial Nigeria Limited	-	(46,464)	-	(13,657)
PZ Coolworld Limited	-	(1,695)	-	-
	(62,817)	**(397,921)**	**(6,422)**	**(245,525)**
Interest paid to banks	**(8,663)**	**(56,313)**	**(5,907)**	**(30,990)**
Total interest Cost	**(71,480)**	**(454,234)**	**(12,329)**	**(276,515)**
Interest earned from related companies				
PZ Coolworld Limited	61,955	234,072	61,955	234,072
HPZ Limited	-	-	182,688	63,378
Harefield Industrial Nigeria Limited	4,353	-	1,947	-
PZ Wilmar Limited	105,205	-	105,205	-
	171,513	**234,072**	**351,795**	**297,450**
Interest earned from banks	**67,050**	**70,899**	**56,244**	**40,969**
Total Interest income	**238,563**	**304,971**	**408,039**	**338,419**
Net finance (cost)/Income	**167,083**	**(149,263)**	**395,710**	**61,904**

33 Dividends

Amounts recognised as dividends to ordinary shareholders in the year:

Final dividend for the year ended 31 May 2020 was paid during the year ended 31 May 2021 while final dividend for the year ended 31 May 2019 was paid during the year ended 31 May 2020. 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 21, final dividend in respect of the year ended 31 May 2021 of 25 kobo per share amounting to a total dividend of N992,620,000 is subject to the approval of the shareholders at the Annual General Meeting of the company for the year then ended. Accordingly, there is no provision for the dividend in these financial statements. This dividend is being funded from distributable reserves.

34 Board changes

Company recently notified the public of the retirement of its Board Chairman - Chief Kola Jamodu. He retired as Non-Executive Director and Chairman of the Board effective 11 December 2020. Mr. Gbenga Oyebode, MFR have been appointed as Non-Executive Director and Chairman of the Board effective 11 December 2020. Also, Mr. L. Batagarawa have also retired from the Board effective 11 December 2020 while Mallam Dahiru Muhammad resigned effective 31 January 2021. The Company appointed Mrs Mrs. I.M.O Okauru, MFR as a Non-Executive Director effective 1 April 2021.

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

PZ Cussons Nigeria Plc held an extraordinary general meeting on Thursday, 24 September 2020 in respect of sale of factory premises situated within plot 20A Ikorodu Industrial Scheme, Ikorodu, Lagos to Friesland Campina Wamco Nigeria Plc. The sale was approved at the meeting. The portion of the land sold to Friesland Campina Wamco Nigeria PLC is approximately 67,733.235 square metres. The company received the sum of N2.124 billion as consideration for the sales resulting in profit on disposal of N1.899 billion subject to a capital gains tax of N187.35 million. These transactions have been recognised in the financial statements as at 31 May 2021.

Notes to the consolidated and separate financial statements

36 Reclassification

Prior year amounts have been re-grouped to align with current year presentation. This does not have any material impact on the results. The areas affected includes exchange loss and deferred taxation.

37 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.

38 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 2021 that have not been adequately provided for or disclosed in the financial statements.

38.1 Impact of Covid-19

On 11 March 2020, the World Health Organization declared the Coronavirus (COVID-19) outbreak to be a pandemic in recognition of the its rapid spread across the globe, with about 150 countries affected. Many governments, including the Nigerian government, are taking stringent measures to contain the spread of the virus. Currently, due to upsurge in covid-19 cases globally as a result of the delta variant, lingering economic disruptions still exist that may have impact on business operations.

However, there is no impact on the recognition and measurement of assets and liabilities in the financial statement as at 31 May 2021.

38.2 Dividend declared with respect year ended 31 May 2021

A final dividend in respect of the year ended 31 May 2021 of 25 kobo per share amounting to a total dividend of N992.6 million was declared at the board meeting held on 20 October 2021. No provision for the dividend is recognised in the financial statements for the year then ended because, dividend is recognised as a liability in the period it is approved by shareholders.

Except as disclosed above, there are no other significant events which could have a material effect on the financial position of the Company as at 31 May 2021, and its financial performance for the year then ended, that have not been adequately provided for or disclosed in these financial statements

Other national disclosures

Value added statement

	Group				Company			
In thousands of naira	**2021**	**%**	**2020 Restated**	**%**	**2021**	**%**	**2020 Restated**	**%**
Revenue	82,577,540		66,992,561		47,832,559		38,939,223	
Other income	2,077,916		179,135		2,224,638		319,761	
Interest income	238,563		304,971		408,039		338,419	
Brought-in-materials and services:								
- Imported	(50,910,903)		(45,594,656)		(30,897,554)		(28,037,852)	
- Local	(20,897,726)		(18,731,534)		(9,877,417)		(8,985,682)	
Value added	**13,085,390**	**100**	**3,150,477**	**100**	**9,690,265**	**100**	**2,573,869**	**100**
Applied as follows:								
To pay employees:								
- Salaries, wages and other benefits	6,708,019	51%	7,648,317	243%	5,151,711	53%	5,894,044	229%
To pay government:								
- Income and education taxes	1,100,428	8%	398,264	13%	926,526	10%	240,914	9%
To pay providers of capital:								
- Interest cost	71,480	1%	454,234	15%	12,329	0%	276,515	11%
Retained for replacement of assets and business growth:								
- Deferred taxation	643,483	5%	(1,128,705)	-36%	137,798	1%	(651,746)	-25%
- Depreciation	2,595,617	20%	2,690,254	85%	2,409,494	25%	2,496,349	97%
- Depreciation - Right-of-use-asset	164,948	1%	190,362	6%	129,123	1%	147,856	6%
- Amortization (Intangible assets)	105,962	1%	105,962	3%	105,962	1%	105,962	4%
- Non controlling interest	219,847	2%	(318,174)	-10%	-	-	-	-
Profit/(Loss) attributable to equity Profit holders of equity	1,475,606	11%	(6,890,037)	-219%	817,322	9%	(5,936,025)	-231%
	13,085,390	**100%**	**3,150,477**	**100%**	**9,690,265**	**100%**	**2,573,869**	**100%**

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

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

Five Year Financial Summary

Group

In thousands of naira	**2021**	**2020 Restated**	**2019 Restated**	**2018**	**2017**
Statement of financial position:					
Non-current assets	26,612,418	28,704,103	29,238,544	31,369,077	29,531,602
Current assets	60,732,453	49,329,595	49,757,715	57,246,893	60,555,923
Total asset	**87,344,871**	**78,033,698**	**78,996,259**	**88,615,970**	**90,087,525**
Equity attributable to equity holders of parent	31,570,480	30,491,922	37,817,407	42,161,471	42,272,665
Non-controlling interest	2,985,111	2,765,264	3,083,438	2,947,118	2,865,212
Non-current liabilities	6,786,653	6,718,819	7,020,573	2,525,349	2,583,604
Current liabilities	46,002,627	38,057,693	31,074,841	40,982,032	42,366,044
Total equity and liabilities	**87,344,871**	**78,033,698**	**78,996,259**	**88,615,970**	**90,087,525**

In thousands of naira	**2021**	**2020**	**2019**	**2018**	**2017**
Turnover	82,577,540	66,992,561	74,336,468	80,552,808	78,215,660
Profit/(Loss) before taxation	3,439,364	(7,938,652)	1,942,447	2,313,509	4,811,169
Profit/(Loss) after taxation (attributable to owners of the company	1,475,606	(6,890,037)	(2,505,908)	1,845,214	3,323,711
Per 50k Share					
Earnings/(Loss) per share (Naira)	0.37	(1.74)	(0.63)	0.46	0.84
Net assets per share (Naira)	8.70	8.38	10.30	11.36	11.37

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, as amended.

Five Year Financial Summary

Company

In thousands of naira	**2021**	**2020 Restated**	**2019 Restated**	**2018**	**2017**
Statement of financial position:					
Non-current assets	24,552,316	26,084,725	27,240,922	30,255,829	28,582,245
Current assets	44,816,392	31,532,097	35,159,182	44,320,290	44,457,365
Total asset	**69,368,708**	**57,616,822**	**62,400,104**	**74,576,119**	**73,039,610**
Equity attributable to equity holders of parent	23,045,466	22,625,192	28,996,665	33,750,379	34,076,230
Non-controlling interest	-	-	-	-	-
Non-current liabilities	6,496,464	6,390,999	6,944,253	3,666,010	3,960,174
Current liabilities	39,826,778	28,600,631	26,459,186	37,159,730	35,003,206
Total equity and liabilities	**69,368,708**	**57,616,822**	**62,400,104**	**74,576,119**	**73,039,610**

In thousands of naira	**2021**	**2020**	**2019**	**2018**	**2017**
Turnover	47,832,559	38,939,223	47,200,919	58,483,029	54,761,729
Profit/(Loss) before taxation	1,881,646	(6,346,857)	1,127,391	1,736,740	2,817,164
Profit/(Loss) after taxation (attributable to owners of the company	817,322	(5,936,025)	(2,938,973)	1,630,557	2,235,631
Per 5OK Share					
(Loss)/Earnings per share (Naira)	0.21	(1.50)	(0.74)	0.41	0.56
Net assets per share (Naira)	5.80	5.70	7.30	8.50	8.58

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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