Vitafoam Nigeria Plc.
Consolidated and Separate Financial Statements
for the year ended 30 September 2021

Contents

Page

Corporate information

DIRECTORS:

Dr. Bamidele O. Makanjuola	-	Non-Executive Chairman
Mr. Taiwo A. Adeniyi	-	Group Managing Director/CEO
Mr. Abbagana M. Abatcha	-	Group Technical & Dev. Director
Mr. Joseph I. Alegbesogie	-	Finance Director
Mr. Bamidele S. Owoade	-	Commercial Director
Mr. Abdul A. Bello	-	Independent Non-Executive Director. (Appointed 4/3/21)
Prof. (Mrs.) Rosemary Egonmwan	-	Independent Non-Executive Director
Mr. Gerson P. Silva	-	Non- Executive Director
Mrs. Adeola Adewakun	-	Non- Executive Director
Mr. Achike C. Umunna	-	Non-Executive Director

COMPANY SECRETARY/LEGAL ADVISER - Mr. Olalekan Sanni

REGISTERED OFFICE:
140, Oba Akran Avenue
Industrial Estate, Ikeja, Lagos, Nigeria
Website: www.vitafoam.com.ng
Telephone Nos: + 234(1)2805070-5

REGISTRAR:
Meristem Registrars & Probate Services Limited
213, Herbert Macaulay Way
Adekunle, Yaba
Lagos.
Website: www.meristemregistrars.com
E-mail: info@meristemregistrars.com
Tel: 01-2809250

INDEPENDENT AUDITOR:
Deloitte & Touche
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island, Lagos.

BANKERS:
Bank of Industry
Zenith Bank of Nigeria Plc
First Bank of Nigeria Plc
Wema Bank of Nigeria Plc
United Bank of Africa Plc
Jaiz Bank Plc
Access Bank Plc
Union Bank of Nigeria Plc.
Globus Bank Limited
Guaranty Trust Bank Plc

DIRECTORS' PROFILE

DR. BAMIDELE OSUOLALE MAKANJUOLA
(Non-Executive)
Dr. Makanjuola is a first-class Chemical Engineering graduate of University of Ife (now Obafemi Awolowo University), Ile- Ife. He holds a Doctor of Philosophy Degree in Chemical Engineering and Economics from the Loughborough University of Technology, United Kingdom. He is a member of the Polymer Institute of Nigeria and Fellow of the Nigerian Society of Engineers. He became the Executive Director in Charge of Corporate Planning and Development in December 2001 and was appointed Managing Director on 1st April, 2006, a position he held until his retirement on 30th September, 2012. He is currently the Chairman of the Board.

MR. TAIWO AYODELE ADENIYI
(Executive)
Mr. Adeniyi holds a B.Sc Degree in Chemistry and M.sc (Pharmaceutical Chemistry) from the University of Lagos and a Masters Degree in Supply Engineering and Logistics from the University of Warwick, United Kingdom. He is also an Alumnus of Cranfield University School of Management. He won the prestigious Chairman's award of an outstanding employee in 2009 and the Nigerian National Productivity Order of Merit Award in 2010. He started his career in PharmaDeko Plc where he gained wide experience in operations management and products developments. He joined Vitafoam in 2007 as Logistics Manager and later became the Manufacturing Manager in 2010, a position he held until his appointment in July, 2012 as Executive Director and later Technical Director. Mr. Adeniyi was appointed Acting Managing Director on 22nd April, 2015 and became the substantive Managing Director on 4th June, 2015.

MR. ABBAGANA MUHAMMED ABATCHA
(Executive)
Mr. Abatcha is a graduate of Chemistry from Ahmadu Bello University, Zaria. He has attended Senior Management Executive Course of the Lagos Business School, Pan Africa University and other courses and conferences local and international. He has served on the Boards of Bajabure Industrial Complex Limited and Vitagreen Nigeria Limited as Managing Director. He was one time a Director General of North-East Domestic Trade Fair and National Vice Chairman of Foam Manufacturers Group of MAN. He was appointed to the Board of the company effective 4th June, 2015.

MR. OWOADE BAMIDELE SOLA
(Executive)
Mr. Owoade holds a Bachelors degree in Mechanical Engineering and a Masters degree in Business Administration (MBA). He is a member of the National Institute of Marketing of Nigeria. He started his career in 1995 as management trainee in West African Batteries Limited (Exide) where he gained experience in operations management and quality assurance. He joined PharmaDeko Plc in 2000 as Plant Engineer and later became Factory Engineer and Head, Factory and Engineering. He joined Vitafoam PLC in 2008. Prior to his appointment to the board of Vitafoam on 18th December, 2018, Mr. Owoade was at various times the Factory Manager, Ikeja plant, National Sales Manager, Head of Sales at Vitafoam and Managing Director Vitablom Nigeria Limited (a subsidiary of Vitafoam).

DIRECTORS' PROFILE (cont'd)

MR. JOSEPH ALEGBESOGIE
(Executive)
Mr. Alegbesogie joined the Vitafoam Group in February 2013, as the Head of Finance and Administration at Vono Products PLC, a then subsidiary of Vitafoam Nig. Plc. Prior to joining Vitafoam, he had held leadership positions in various other organizations including Messrs. Giwa-Osagie, DFK & Co. (Chartered Accountants), as Audit Manager: 2005; Whassan Nigeria Ltd, a then subsidiary of Compass Group Plc, UK, as Financial Controller: 2012. He has over 23 years professional and practical experience in accounting, audit, taxation, and insolvency practice. He was redeployed from Vono Products Plc to Vitafoam Nigeria Plc in 2015, as Chief Accountant and later promoted to the position of Head, Finance and Accounts in 2017. Mr. Alegbesogie is an alumnus of Lagos Business School, a fellow of the Institute of Chartered Accountants of Nigeria and an Associate member of the Chartered Institute of Taxation of Nigeria. He holds a Bachelors degree in Management from the University of Port Harcourt. Mr. Alegbesogie was appointed to the Board of the company on 18th December, 2018.

MRS. ADEOLA ADEWAKUN
(Non-Executive)
Mrs. Adewakun holds a Masters of Pharmacy Degree from the University of Portsmouth, Hampshire, United Kingdom. She is a member of the Royal Pharmaceutical Society of Great Britain and the General Pharmaceutical Council of Great Britain. A United Kingdom registered Pharmacist, Mrs. Adewakun has held various management positions in different Pharmaceutical companies in the United Kingdom. She was appointed to the Board of the company with effect from 23rd May, 2013.

PROF. (MRS.) ROSEMARY IVIONWEN EGONMWAN
(Independent Non-Executive)
Prof. Egonmwan holds a Bachelor of Science (B.Sc Hons) Degree with 2nd Class upper and a Masters of Science (M. Sc.) in Zoology from the University of Lagos. She also obtained a Doctorate Degree (D.Phil.) in Zoology from the prestigious University of Oxford, United Kingdom. Professor (Mrs.) Egonmwan is a distinguished scholar and academician with over thirty (30) years experience. She was the Senior Environmental Adviser for Shell Nigeria Exploration and Production Company from 2009 – 2010 and served on the Management Board of Lagos University Teaching Hospital (LUTH) from 2012- 2016. Prof. (Mrs.) Egonmwan is on several boards and committees of the University of Lagos where she is currently a distinguished lecturer, including being a member of the Postgraduate School Board and University of Lagos Senate. She is a member of the Ecological Science of Nigeria, and British Ecological Society. Prof. (Mrs.) Egonmwan was appointed to the Board of the Company with effect from 1st October, 2017.

Mr. GERSON PARREIRA SILVA
(Non-Executive)
Mr. Silva is a Chemical Scientist with competency and specialization in Polyurethane (PU) Systems, a core production component of Vitafoam, and Vitapur (a sandwich panels and chemical systems subsidiary of Vitafoam). During his brilliant career, Mr. Silva has worked in several frontline chemical systems organizations across the globe including Dow Chemicals (one of the leading chemical companies in the world) for 18 years as a chemical scientist and analyst. Having acquired the know-how of chemical system application at DOW, Mr. Silva in partnership with like minds, proceeded to establish PURCOM, one of the largest Chemical System Houses in South America. PURCOM is an internationally acclaimed producer of various PU applications and systems. Mr. Silva is a widely travelled Consultant on PU Chemical Systems. His unique and widely acclaimed

DIRECTORS' PROFILE (cont'd)

experience of Chemical Systems applications will be of immeasurable value to the operations of Vitafoam and some of its subsidiaries with exciting prospects of enhanced technical proficiency and competitiveness. Mr. Silva, a Brazilian was appointed to the Board of the Company with effect from 1st October, 2017.

MR. ACHIKE CHARLES UMUNNA
(Non-Executive)
Mr. Achike Charles Umunna obtained a Bachelors Degree in Law (LL.B) from the University of Nigeria, Nsukka in 1982, graduated from the Nigerian Law School in 1983 and obtained a Masters Degree (LL.M) from the University of Lagos in 1985. A Knight of the Catholic Church, Mr. Umunna is a fellow of the Nigerian Institute of Management Consultants (NIMC) and a fellow of the Chartered Institute of Arbitration (United Kingdom). He also holds a certificate in International Arbitration and Investment Law from the Roma Tre University, Rome.
Mr. Umunna has been actively engaged in legal practice for over 35 years with experience in both the public and the private sectors. He started his legal career from the then National Assembly, Tafawa Balewa Square, Lagos where he was the Secretary to the Rules and Business Committee of the House of Representatives and later as legal officer with the Ministry of Defence, Defence Headquarters, Lagos. He went into private practice with the law firm of Chuka Okoli and Associates before establishing the firm of Achike Umunna and Associates in 1986. Amongst other fields of practice, Mr. Umunna has acquired expertise in the field of corporate law, maritime, petroleum, international trade laws and practices having worked as legal consultant in China, Bulgaria, Romania, United Kingdom, USA, Germany, and Japan. He is a member of the Lagos Chamber of Commerce and Industry. He was appointed to the Board of the company with effect from 19th December, 2019.

MR. ABDUL AKHOR BELLO
(Independent Non-Executive)
Mr. Abdul Akhor Bello retired from UAC of Nigeria in 2019 after 30 years in service during which he held various senior management positions such as Group Chief Executive Officer; Group Executive Director/Chief Financial Officer; Managing Director, UPDC Plc; Managing Director, CAP Plc and Finance Director/Company Secretary, CAP Plc. He brings to Vitafoam, executive and board service experience acquired across a range of businesses including Manufacturing, Financial Services, Pension Fund Administration, Real Estate, Logistics and Quick Service Restaurant sectors.

Mr. Abdul Akhor Bello has served on the Governing Council of the Nigeria Employers Consultative Association, Nigeria-British Chamber of Commerce, and the Nigeria Institute of Management. A Fellow of the Institute of Chartered Accountants of Nigeria, Mr. Bello attended Yaba College of Technology, Lagos. He is an alumnus of Oxford University's Advance Management and Leadership Program and has undertaken various local and international development courses.

REPORT OF THE DIRECTORS

The Board of Directors of Vitafoam Nigeria PLC ("Vitafoam" or "The Company") is pleased to present the Annual Report together with the group and company's audited financial Statements for the year ended 30th September 2021.

1. OUR BUSINESS

The company and her subsidiaries (Vitapur Nigeria Limited, Vitablom Nigeria Limited, Vitavisco Nigeria Limited and Vitafoam Sierra Leone Limited) engage in the manufacture, marketing and distribution of flexible/rigid foam and fibre-based products and textile linens in Nigeria and across other West African countries. These are complimented by quality furniture products (metal and wood) from Vono Furniture Products Limited, a wholly owned furniture subsidiary of Vitafoam. The vast array of products from the Group are tastefully designed and manufactured to meet consumers' needs in offices, homes, institutions, hotels, oil and gas, automobile, and agricultural sectors. Technical foam products which are usually manufactured to customized specifications are also supplied as semi-finished products to various industrial groups.

We specialize in enhancing quality lifestyle and offering comfort to our esteemed customers with a rich product mix that consists of foam, spring and orthopedic mattresses, pillows, cushions, complete bed sets and various ancillary items such as protectors and bed linens. Our products are affordable and available to various segments of society. The company has processes that integrate products' research & development, manufacture, test and inspection, quality assurance and marketing. The company's goal is to remain the most professional, reliable, and high-quality comfort solutions provider.

The following are the major products offerings:

a) Inner Core Spring Mattresses

Inner core spring mattresses are designed and produced using the latest technology offered by our Infinity spring machine. The continuity of the coils makes the product more rigid, firmer, and lighter than the older versions. This technology has made it possible to offer exquisite premium products of improved reliability and aesthetics.

In its construction the following are incorporated: regular flexible foam, visco-elastic foam, steel coil, felt, chip foam, etc. The various branded variants of these product lines on offer are the following: Vita Spring Firm and Vita Spring Flex.

b) Regular Flexible Foams

The segmentation of our products (Early days, Lifestyle, Premium Health and Leisure) has made it possible for consumers across different age groups and status to benefit from the array of good quality products on offer.

In the Early Days segment are products that are of great interest to nursing mothers such as baby mat, baby cot mattress, baby pillow, baby feeder, baby solid chair and baby back support, and many others.

Stylish and trendy lifestyle products of varied profiles and contours are now offered to our discerning customers. Some of the brands in this segment are Vita Sofa bed, Vita Solid, Vita Roll, etc.

REPORT OF THE DIRECTORS (cont'd)

1. OUR BUSINESS (cont'd)

b) Regular Flexible Foams (cont'd)

The Premium Health segment comprises mainly high-quality mattresses and pillows. These products are commonly offered in branded standard sizes but when demanded are customized. Some of the popular mattress and pillow brands are Vita Supreme, Vita Galaxy, Galaxy Classic, Vita Sizzler, Vita Twill, Vita Haven, Vita Grand, and Vita Hospital Mattress.

The Leisure segment comprises products that are good for sports enthusiasts and support for varied lifestyles. This range of products are essentially portable/trendy/ flexible mats that can be used indoor and outdoor.

c) Fibre-Based and Allied Products

This is the only product range that is not PU foam based. Most of the products in this category are pillows, cushions, duvets, and textile linens. Some of the branded fibre-based products in the market are: Jumbo pillow, Gazelle pillow, Flip pillow, Music pillow and Vita duvet. In addition to the foregoing fibre-based products, linens (bed sheets and pillows) of various textures, sizes and designs are on offer. In line with our innovation drive, the company recently acquired and installed a fibre sheet making machine which produces fibre sheets for furniture and quilting of mattress covers and duvets. Activities in this segment are championed by our soft furnishing subsidiary-Vitablom Nigeria Limited. The subsidiary company in its drive to expand its market also commenced the production of scouring sponge and have fully commercialized its products.

d) Rigid Foam

Our rigid polyurethane segment championed by Vitapur Nigeria Limited continues to hold great prospects for growth and diversification of our business into the potentially highly lucrative insulation solution market. In addition to the installation of the modern process equipment (SAIP PLANT), the company acquired a new mobile plant with the aim to further position the company as a major player in the industry. The following are some of the product's offerings:

- Agriculture: Rigid foam panels for thermal insulation of poultry farmhouses and warehouses.
- Oil and Gas: Cryogenic insulation of process plants and thermal insulation of pipelines
- Building and construction:
  (i) Insulation of roofs and concrete platforms.
  (ii) Composite panels for partitioning, cladding and structures with different facets
  (iii) Provision of insulated and non-insulated roofing sheets.
- Food processing/pharmaceuticals: Thermal insulation panels and sections used in insulation of cold and chill rooms, clean rooms, and other controlled environment

REPORT OF THE DIRECTORS (cont'd)

1. OUR BUSINESS (cont'd)

e) System House Project

Vitapur in partnership with the Federal Ministry of Environment and United Nations Development Programme (UNDP) pioneered the setting up of a System House (chemical blending factory) in the country. The system house is basically to produce methyl formate based pre blended polyols in the rigid polyurethane foam sector. The project which has since been completed was commissioned in 2020 by the Hon. Minister of Environment, Dr. Mohammad Mahmood Abubakar. The system house currently supplies the parent company (Vitafoam) chemicals that are used in the production of reconstituted, non-flammable adhesives and flexible foams as part of our backward integration proposition. This has afforded Vitafoam the advantage of just-in-time procurement of chemical materials for use without the need to stock. Following successful commercialization, the company now supplies other major foam manufacturers in Nigeria. Following the outbreak of Covid-19 pandemic, the System House developed and commercialized Hand Sanitizer and Liquid Hand wash.

f) Visco-elastic (Memory) Foam

Vitavisco Nigeria Limited is a Hi-tech operation that specializes in the manufacture of visco-elastic (memory) foam products for the fast-growing furniture and automobile industries. The company is being positioned to take advantage of opportunities from the Government's automotive policy. Areas of interest are production of molded vehicle seats, steering wheels, bushings, bumpers etc. Brands currently traded are Vita Cool, Vitalite, Vita Seat Support and Vita Neck Travel and Physiotherapy products, amongst others. This range of Hi-tech foam products offers a unique experience of pressure sensitivity and resilience.

In line with our innovation drive, the company invested in a Polyethylene Foam sheets and pipes making plants and has since installed and commenced production of EPE sheets and other products for automotive, furniture, agricultural and construction industries, for examples Air Condition insulation ducts, cooler bags, protective packaging, life jackets and suits, etc.

g) Furniture Products

Vono Furniture Products Limited has been playing active role in the household and institutional furniture business (wood and metal). The resultant synergy enables both companies to jointly execute contracts that incorporate total solutions for offices, bedrooms & lounges in homes, public and hospital settings.

h) Expansion and Diversification Schemes

Vitafoam Group's expansion drive to Sierra Leone has begun to yield positive outcome by way of market penetration and acceptance of our products. The factory in Sierra Leone is already turning out products of high-quality standards with good margin. This subsidiary has commenced export of high-quality products to Guinea as part of market expansion.

In line with its expansion drive, the company invested in a new line of business of oil filter production. The new company (Vitaparts Nigeria Limited) could not commence production in the 2018 and 2019 financial years as envisaged due to certain set up challenges and the Covid-19 pandemic which delayed the installation and commissioning. The subsidiary eventually

REPORT OF THE DIRECTORS (cont'd)

commenced business by fourth quarter of 2021 financial year when international movement partially resumed. All plants have been installed and commissioned.

2. TRADING RESULTS

The financial results for the year ended 30th September 2021 are summarized below:

	GROUP		COMPANY	
	₦'000	**₦'000**	**₦'000**	**₦'000**
Turnover	35,404,072	23,443,830	32,007,979	21,521,097
Profit before taxation	7,341,723	5,646,565	6,779,894	4,963,946
Taxation	(2,744,677)	(1,730,685)	(2,395,035)	(1,507,252)
Profit for the year	**4,597,046**	**4,107,506**	**4,384,859**	**3,456,694**
Profit attributable to:				
Owners of the parent	4,237,307	3,812,235	4,384,859	3,456,694
Non-controlling interest	359,739	295,271	-	-
Earnings per share	**339k**	**305k**	**351k**	**276k**

3. DIVIDEND

The Board has recommended a dividend of N1,876,266,096 representing N1.50 per share to shareholders for declaration at the next Annual General Meeting. The dividend recommended, when approved, is subject to withholding tax at the appropriate rate.

4. FIXED ASSETS

The sum of **N1,512,145,000** (Group) and **N623,981,000** (Company) were invested in property plant and equipment during the year to upgrade production facilities.

5. SALES AND MARKETING

Vitafoam has over the years transitioned from being just a manufacturer of flexible and rigid foam products to offering complete household furniture solutions to consumers desirous of style, comfort, and reliability.

Our marketing strategy focuses on product differentiation, market expansion and exceptional customer service. Through various marketing initiatives and campaigns, the uniqueness and quality of our products and the comfort they provide was consistently communicated to the end users leveraging television commercials, radio, digital campaigns, as well as experiential marketing.

During the year, market expansion and growth was vigorously pursued within the major cities in Nigeria, with special attention given to the Lagos market being the commercial capital of the country. Despite the heavy competition and influx of foreign brands, we significantly expanded our customer base and retained their loyalty to the brand through exceptional customer service delivery and continual engagements and interactions.

REPORT OF THE DIRECTORS (cont'd)

In demonstrating our innovative and forward-thinking attributes, we also introduced new value adding products in the pillow and furniture categories to the business; new designs in furniture targeting millennials were researched and launched during the year in review. These have attracted new and renewed consumers' patronage. The innovative approach to sales and marketing has helped the company to sustain market acceptance regardless of the state of the economy.

6. RESEARCH AND DEVELOPMENT

Design and development of innovative products remains the cornerstone of our drive into the future. In developing our wide range of products, efficient production processes are in-built to achieve further competitive edge in our product costing and other cost elements.

7. DONATIONS AND GIFTS

The following donations were made during the year ended 30 September 2021:

S/N.	BENEFICIARIES	AMOUNT
1.	NIGERIA ACADEMY OF ENGINEERING	250,000.00
2.	SOCIOLOGY ANNUAL LECTURE AND CONFERENCE	250,000.00
3.	Nigeria Union of Journalists PRESS WEEK	100,000.00
4.	UNILAG CHEMISTRY LAB. BUILDING FUND	250,000.00
	SUB-TOTAL (COMPANY)	**850,000.00**
6.	COMMUNITY PROJECT SUPPORT IN SIERRA LEONE	592,892.00
7.	COMMUNITY SOCIAL RESPONSIBILITY – ROAD MAINTENANCE	85,000.00
	TOTAL	**1,527,892.00**

8. HUMAN RESOURCES MANAGEMENT

The company places emphasis on efficient management of available human resources as the basis for good performance. The company's strategy is to always attract and retain well motivated talented personnel in all areas of activities. This ensures continual growth and development of the organization. Some key strategic initiatives adopted in the company's drive to maintain productive work environments are the following:

(a) Group Synergy

As part of cost-effective approach to Human Capital Development, the group structure has provided a platform for shared services and synergy in our operations. Resources that are available in the group are optimally utilized to achieve better results.

(b) Safety, Health & Welfare

At all the company's factory and office sites world-class best-in-class Safety and Health practices are deployed. Where needed, experts in Safety Health & Environment are invited to give necessary assistance. In addition to the foregoing, the company periodically organizes awareness programmes such as "Safety Week", "Health Talk" and many other related activities. Our Physiotherapy clinic managed by a competent consultant offers professional services to the employees. The company further runs a well-equipped sport center to enable staff exercise at break periods. The company retains the services of government registered

REPORT OF THE DIRECTORS (cont'd)

8. HUMAN RESOURCES MANAGEMENT (cont'd)

Health Management Organizations (HMO) for efficient management of all health matters of employees and qualified dependents.

(c) Employee Involvement

In pursuit of our employee involvement policy aimed at engendering a happier workforce and making Vitafoam a great place to work, we have continued to implement several 'gift work' and employee-friendly initiatives. This is borne out of the belief that human capital is pivotal to corporate success. A happy and motivated workforce will necessarily give rise to a prosperous organization and increased stakeholders' satisfaction.

Town Hall meeting, a quarterly forum for management-employee interaction has become a veritable platform to gauge employees' mood. Feedback from the forum has been found highly invaluable in accentuating our employee value proposition through the formulation of employee-friendly initiatives apart from eliciting a sense of ownership. The Human Resource function has also developed a culture of periodic informal briefings and interaction with staff representatives to resolve staff related issues at incipient stage thereby forestalling any likelihood of restiveness. This has increased the level of trust and confidence. The approach bridges communication gaps that could trigger industrial disharmony. Management and staff relations in the Company are very cordial.

(d) Human Capital Development

The cognitive capacity of employees constitutes the most valued assets of the Company. Our non-discriminatory recruitment process is structured to attract and retain the best talents who, through proper induction, embrace the Vitafoam culture of quality and excellent service delivery.

The Company believes in continuous improvement of knowledge and as such, all categories of staff attended courses and seminars both locally and internationally. These are in addition to the regular on-the-job training across operational sites. As part of efforts to remain a learning organization, a monthly knowledge sharing session is held, during which a chosen employee is invited to lecture on a topic of interest to the generality of the invitees. Learnings from this forum have proven invaluable to the running of the business and expand the world view of our employees.

(e) Performance Management System (PMS)

The Company's performance management system is aimed at always encouraging superior performance. While the system rewards good performance, it also sanctions poor performance. The PMS has been made more robust with increased focus on people development issues and reward for excellence. Appraisal interview sessions are conducted in a manner by which career development of the appraisee is structured and mapped out. The exercise also gives management the opportunity to garner suggestions of how to manage the organization better.

REPORT OF THE DIRECTORS (cont'd)

9. CORPORATE SOCIAL RESPONSIBILITY

Vitafoam is committed to uplifting the well-being of the immediate community around her operational sites and participates in credible programmes in the general society. The company's CSR efforts are primarily targeted at the following areas of identified needs: health care, education, and security.

i. Over the years the company has continued to give material support to maternity homes, orphanages, general hospitals, and handicapped societies. Of note is the yearly Vitafoam's First Baby of the Year initiative by which the company donates products to the first three babies born at the Island Maternity Hospital. The company also seizes the opportunity to donate hospital mattresses and furniture. On ad-hoc basis, many other initiatives that endeavor to alleviate suffering of traumatized groups within the general society are deployed. All regions of the country benefit from these initiatives. To assuage the impact of the corona virus pandemic, the company donated mattresses for equipping isolation centres across the geo-political zones of the country.

ii. One CSR initiative the company is very proud of is her well developed and impressive programme for students of tertiary institutions on Industrial Attachment (under the SIWES scheme) and Youth corps members. Almost the year round, students on attachment and Youth corps members are offered opportunities to undergo well supervised training that promote acquisition of various management/technical skills on our operational sites. Our facilities have also become destination point for students of various schools and institutions on excursion and practical learning activities. Our support for educational institutions has become one of the hallmarks of our CSR initiatives as donations of research equipment are made to institutions of higher learning.

iii. Wherever there is a Vitafoam factory keen interest is taken by the local management in security arrangements within the community. Financial support is always given to all local law enforcement agencies.

10. CORPORATE GOVERNANCE REPORT

The company's business is driven by collective commitment to a culture of integrity, accountability, and transparency. We conduct our operations in accordance with good moral and ethical standards while obeying relevant legislations. Our goal is to remain a responsible and responsive corporate organization committed to ensuring healthy and comfortable living while contributing positively to the overall growth of the country.

The Board of Directors

The Board of Vitafoam Nigeria plc is responsible for ensuring compliance with good corporate governance practices and statutory enactments guiding business operations. The Board formulates policies that ensure strict adherence to operational ethics while prescribing sanction for infraction. It requests and scrutinizes information regarding internal control systems, risk exposures and relevant developments within the operating environment. The Board, through its various committees, ensures that credible and reliable accounting records are maintained which disclose at any time, the financial

REPORT OF THE DIRECTORS (cont'd)

10. CORPORATE GOVERNANCE REPORT (cont'd)

status of the company and ensure that the company's accounts comply with the provisions of Companies & Allied Matters Act, 2020 and the standards set by the Financial Reporting Council of Nigeria. The Board is also responsible for safeguarding the company's assets by taking reasonable steps for the prevention and detection of fraud and other irregularities.

Composition of the Board, Appointment and Training

At the date of this report, the Board consists of ten Directors: Six Non-Executive and four Executive Directors. Two of the six Non-Executive Directors are Independent Non-Executive Directors. In line with global best practice, the position of the Chairman is distinct from that of the Chief Executive Officer. The profile of the Board of Directors, comprising distinguished individuals with diverse skills and competences in different areas of the company's business continually ensures the attainment of corporate objectives. The present mix and composition of the Board comprising two Independent Non-Executive Directors allows for broad and objective evaluation of policy framework for effective implementation of company strategy.

New Directors are selected through carefully articulated selection guidelines that place emphasis on integrity, skills, and competencies relevant to the company's goals and aspirations. The Nomination and Governance Committee is assigned the responsibility for identifying individuals with track-record of outstanding achievement and potentials for value enhancement. Recommendations of the Committee are subsequently subjected to further scrutiny and deliberation by the entire Board before arriving at a decision. A newly appointed Director is made to undergo a comprehensive induction and training program within and outside the company to equip him/her with requisite knowledge and information for excellent performance as a director.

To keep abreast with developments in corporate practice and ensure quality participation in Board activities, existing Directors attend periodic trainings on corporate governance and good business practice.

The Role of the Board

The responsibilities of the Board include the following:

- Formulation and implementation of strategic policies
- Ensuring the integrity of the Company's accounting and financial reporting systems.
- Evaluation of the Company's risk profile and framework and ensuring alignment with the overall business growth and direction.
- Review and monitoring of expenditure, budgetary planning and controls and financing strategies through the committee on risk and finance
- Review periodically the effectiveness and adequacy of internal control systems and processes.
- Periodic review and evaluation of actual business performance and the state of the Company
- Instituting and implementing policies on succession planning, appointment, training and remuneration of Directors and senior management
- Review of reports of Board committees and ratifying their decisions

REPORT OF THE DIRECTORS (cont'd)

10. CORPORATE GOVERNANCE REPORT (cont'd)

- Maintaining communication and acceptable interaction with shareholders
- Ensuring compliance with applicable laws, regulations and code of business practice
- Develop and implement plans for general business growth and expansion.

Board Meetings

The Board met four (4) times during the 2020/2021 financial year. The register of the Directors' attendance at Board meetings during the year is available for inspection at the Annual General Meeting in accordance with S.284 (2) of the Companies and Allied Matters Act 2020. The following is the list of the Directors and their attendance at the Board meetings:

DIRECTORS	15/12/20	04/03/21	27/05/21	3/09/21
Dr. B. O. Makanjuola	✓	✓	✓	✓
Mr. T. A. Adeniyi	✓	✓	✓	✓
Mr. A. M. Abatcha	✓	✓	✓	✓
Mr. B. S. Owoade	✓	✓	✓	✓
Mr. J. Alegbesogie	✓	✓	✓	✓
Mr. M. G. Alkali	✓	**CM**	**CM**	**CM**
Mrs. A. Adewakun	✓	✓	✓	✓
Prof. (Mrs.) R. I. Egonmwan	✓	✓	✓	✓
Mr. G. P. Silva	✓	✓	✓	✓
Mr. A. C. Umunna	✓	✓	✓	✓
Mr. A. A. Bello	**NYM**	**NYM**	✓	✓

Keys
✓ **=Present**
CM = Cease to be a member
NYM= Not yet a member

Board Committees

The Board discharges its responsibilities through the Risk, Finance & General Purposes Committee, Establishment & Remuneration Committee, and the Nomination & Governance Committee. To ensure objective and balanced consideration of issues, each of the Committees is chaired by a Non-Executive Director. The Committees operate within set guidelines and terms of reference approved by the Board of Directors. The following is the composition of the committees and records of attendance at their meetings:

A. Risk, Finance and General Purposes Committee

The Committee comprises two Non-Executive and two Executive Directors as at the date of this report and met thrice during the year. The table below shows the list and attendance of members at the meetings:

REPORT OF THE DIRECTORS (cont'd)

10. CORPORATE GOVERNANCE REPORT (cont'd)

Directors	28/01/21	28/04/21	26/07/21
Mr. A.A. Bello	NYM	NYM	✓
Mr. T. A. Adeniyi	✓	✓	✓
Mrs. A. Adewakun	✓	✓	✓
Mr. J. Alegbesogie	✓	✓	CM
Mr. A.M. Abatcha	NYM	NYM	X

Keys
✓ = Present
X = Apology
NYM= Not yet a member
CM= Cease to be a member

B. Establishment & Remuneration Committee

At the time of this report, the Committee comprised three Non-Executive Directors and two Executive Directors. It was chaired by Mr. A.C. Umunna, a Non-Executive Director. The Committee met once during the year. The table below shows the list and attendance of members at the meeting:

Directors	**18/12/2020**
Mr. A.C. Umunna	✓
Mr. T. A. Adeniyi	✓
Prof. (Mrs) R. Egonmwan	✓
Mr. B.S. Owoade	✓
Mr. A. A. Bello	NYM

Key
✓ = Present
NYM= Not yet a member

C. Nomination & Governance Committee

At the date of this report, the Committee comprised three Non-Executive Directors and one Executive Director with Prof. Mrs. R. I. Egonmwan, a Non-Executive Director as the current Chair. The Committee met once during the year and the meeting was chaired by Dr. B. O. Makanjuola who has ceased to be a member at the date of this report. The table below shows the list and attendance of members at the meeting:

Directors	27/01/21
Dr. B. O. Makanjuola	✓
Mr. G. P. Silva	✓
Mr. T. A. Adeniyi	✓
Prof. (Mrs.) R.I. Egonmwan	✓
Mrs. A. Adewakun	NYM

REPORT OF THE DIRECTORS (cont'd)

10. CORPORATE GOVERNANCE REPORT (cont'd)

Key
✓ = Present
NYM= Not yet a member

D. Audit Committee

In compliance with Section 404 of the Companies and Allied Matters Act, 2020, the Company has a standing Audit Committee comprising two representatives of Directors nominated by the Board and three representatives of shareholders elected at the previous Annual General Meeting. All the members are equipped with relevant skills and experience for analyzing basic financial statements and making informed judgment. The Audit Committee's terms of reference include the statutory functions stipulated in Section 404(7) of the Companies & Allied Matters Act, 2020 and the Code of Corporate Governance. The Committee was chaired by Comrade S. B Adenrele, a representative of shareholders and the Company Secretary served as the Secretary to the Committee.

The Committee met 3(three) times between its inauguration and the time of this report, and some of the meetings were attended by representatives of Deloitte & Touché Nigeria, the External Auditors. The following is a list of members of the Committee and their attendance at the meetings:

Members	**28/04/21**	**26/07/21**	**15/12/21**
Com. S.B. Adenrele	✓	✓	✓
Rev. I.O. Elushade	✓	✓	✓
Mrs. G. Ajumobi	✓	✓	✓
Prof. R. I. Egonmwan	✓	✓	✓
Mr. A. C. Umunna	✓	✓	✓

Key
✓=Present

Management

The daily running of the business is vested in the Executive Management Committee led by the Group Managing Director/CEO, supported by the Executive Directors and Heads of Departments. The Executive Committee holds a weekly meeting to evaluate performance of the various aspects of the Company's operations and make policy decisions in line with Board directives. The Committee sets targets for execution of tasks and reviews minutes at subsequent meeting to monitor compliance with such targets. The minutes of the meetings of the Committee are properly maintained at the secretariat. In addition, a monthly meeting of extended management (management committee members and functional Heads of sub-units) is held to review the performances of the various units and to plan activities for the upcoming month.

To ensure effective coordination of activities of subsidiaries and associated companies within the group, a monthly group business review meeting is held where report of operations of each member

REPORT OF THE DIRECTORS (cont'd)

10. CORPORATE GOVERNANCE REPORT (cont'd)

D. Audit Committee (cont'd)

are peer reviewed and extensively discussed. The forum ensures that group synergy is optimized for steady organic growth of the group. Group strategy session is held at the beginning of the financial year to review performance and plot growth strategy for the year.

Effectiveness of Internal Control
Management is responsible to the Board for implementing and monitoring internal control processes in all aspects of the company's business on day-to-day basis. The installation and deployment of Sage ERP X3 has continued to ensure that control breaches are considerably checkmated. The system, with inbuilt safeguards ensures the integrity and reliability of financial information generated on continual basis. Audit of the process is carried out periodically to ensure continued effectiveness and relevance to business scope and direction. The current internal control system of the company is reviewed periodically in line with the company's growth and the dynamics of the business environment. The current system is effective and adequate for the company's business and in line with standard practice.

Compliance with the code of corporate governance
The company's level of compliance with the code of corporate governance in the 2020/2021 financial year was adequate and satisfactory. Required statutory returns were submitted to the Securities & Exchange Commission, the Nigerian Exchange Limited and other regulatory bodies while appropriate disclosures concerning the business are made available periodically as required by relevant laws and regulations.

In line with the Securities & Exchange Commission's directives aimed at significantly reducing cost of operation including discontinuance of dividend warrants, Shareholders are enjoined to open e-dividend account by filling the e-dividend mandate form attached to the annual report, stamp with their respective banks and send to Meristem Registrars Limited.

11. SUSTAINABILITY REPORT

The following principles and practices are part of the company's approach towards ensuring a sustainable socio-economic environment:

(a) **Code of Business Conduct:** Our Code of Business Conduct demonstrates our commitment to integrity, transparency, and respect for local legislations in the conduct of our business. The code further sets out expectations regarding conflict-of-interest situations, corrupt practices and adherence to applicable laws and regulations.

(b) **HIV/AIDS & Disability:** Our Company does not in any way discriminate in the employment of persons living with HIV/AIDS or any other form of disability. Our HR Practices and policies are designed to give equal opportunities to all employees with special facilities provided to

REPORT OF THE DIRECTORS (cont'd)

11. SUSTAINABILITY REPORT (cont'd)

support the physically challenged. At the time of this report, we do not have any physically challenged persons in the employment of the company.

(c) **Environmental Protection:** As a manufacturing company, we are focused on reducing the environmental impact of our operations on the people and the environment. Environmental audit is conducted on yearly basis to evaluate the impact of our operations on the environment and the report submitted to the relevant government agency for certification. The company's Health, Safety & Environment (HSE) Policy which sets out HSE standards is adhered to by all employees. We also prioritize efficient use of energy, water, and safe waste disposal at all our sites.

(d) **Community:** The Company implements several CSR initiatives to positively impact and uplift the various segments of the society. For example, our annual first baby of the year program serves as a platform to identify with the health sector in addition to occasional donations of mattresses to some medical centres while the educational sector continues to benefit from sponsorship of events and donation of specific projects to support learning and research. In support of government's efforts at containing the scourge of Covid-19 pandemic, mattresses were donated to equip isolation centres.

(e) **Workplace:** At Vitafoam Nigeria Plc, we foster a peaceful and qualitative work environment that encourages career advancement, work-life balance and values employee diversity and wellbeing.

(f) **Data Privacy**
We exercise care and professionalism with personal data and any information entrusted in our care by all data subjects. The company deploys the highest standards of privacy in the storage of all information, clearly stating the type of data collected, its uses and additional analysis performed on the data if any. As at the time of filing this report, we do not have any known case of data breach.

12. DIRECTORS' INTEREST IN SHARES

Interest of the Directors in the Issued Share Capital of the Company as recorded in the Register of Members and/or as notified by them for the purpose of section 301 of the Companies & Allied Matters Act, 2020 are as stated below.

Dr. B.O. Makanjuola's indirect shares were held on behalf of Temm Consulting Limited, a Private Limited Liability Company promoted by him.

REPORT OF THE DIRECTORS (cont'd)

12. DIRECTORS' INTEREST IN SHARES (cont'd)

Directors	As at 30/09/2021 No. of shares	As at 30/09/2020 No. of Shares
Dr. B.O. Makanjuola (Direct)	5,285,750	5, 098,002
(Indirect)	10,757	10,757
Mr. T.A. Adeniyi	1,114,000	864,000
Mr. A. M. Abatcha	180,000	180,000
Mr. B. S. Owoade	320,000	320,000
Mr. J. I. Alegbesogie	726,820	188,700
Mrs. A. Adewakun	144,000	144,000
Prof. (Mrs.) R. I. Egonmwan	101,940	101,940
Mr. A. C. Umunna	Nil	Nil
Mr. A. A. Bello	171,860	Nil
Mr. G. P. Silva	Nil	Nil

14. DIRECTORS INTEREST IN CONTRACTS

In accordance with section 303 subsection 2 of the Companies and Allied Matters Act 2020, Mr. Gerson P. Silva and Dr. B. O. Makanjuola (both Non-Executive Directors) have notified the Board in writing of their associations with companies/firms that render contracts with the Company.

15. ANALYSIS OF SHAREHOLDING

a) According to the Register of members, the following shareholders held more than 5% of the issued share capital of the company as of 30th September, 2021

Shareholder	Units held	Percentage
Bolarinde Samuel Olaniyi	150,427,902	12.03%
Awhua resources Limited	98,281,981	7.86%
Neemtree Limited	63,856,765	5.11%

b) The shares of the Company were held as follows as of 30th September, 2021

Type	Shareholding	%	Shareholders	%
Individual	750,939,576	60.03	39,704	96.00
Corporate	498,669,204	39.87	1,590	3.84
Government	1492	00.00	2	0.00
Foreign	1,233,792	0.10	66	0.16
Total	1,250,844,064	100	41,362	100

REPORT OF THE DIRECTORS (cont'd)

15. ANALYSIS OF SHAREHOLDING (cont'd)

c) The range analysis of the shareholding as of 30th September, 2021 is as below:

Range	No. of Holders	% of Holders	Units	Shareholding %
1-5,000	28,064	67.85%	38,022,808	3.12%
5,001-10,000	5,189	12.55%	39,331,482	3.14%
10,001-100,000	7,074	17.10%	198,646,899	15.88%
100,001-500,000	819	1.98%	166,522,955	13.31%
500,001-1,000,000	109	0.26%	78,145,326	6.25%
1,000,001-100,000,000	106	0.26%	578,746,692	46.27%
100,000,001-500,000,000	1	0.00%	150,427,902	12.03%

16. ACQUISITION OF SHARES

The Company did not purchase any of its own shares during the 2020/2021 financial year.

17. SECURITIES TRADING POLICY

In compliance with Rule 17 .15 Disclosure of Dealings in Issuers' Shares, Rulebook of The Exchange 2015 (Issuers' Rule), Vitafoam Nigeria Plc maintains a Security Trading 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 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 year. Details of the policy are on the company's website at www.vitafoam.com.ng.

18. CODE OF BUSINESS ETHICS AND WHISTLE BLOWING POLICY

The Company's code of business ethics and the whistle blowing policy set a standard of ethical behaviour in the workplace for all employees. A key component of the company's workplace ethics and behavior is integrity which the Board upholds to ensure a culture of honesty and transparency at all levels of the company. The company maintains a steady awareness of these values by continuous training and publicity of the contents of the code to its employees. Details are available on the Company's website- www.vitafoam.com.ng

19. COMPLAINTS POLICY

This policy regulates and prescribes procedure for handling Shareholders' complaints by the Secretariat and the Registrars. Details are available on the Company's website- www.vitafoam.com.ng.

20. RETIREMENT BY ROTATION

The Directors retiring by rotation in accordance with the company's Articles of Association are Mrs. Adeola Adewakun and Mr. Achike C. Umunna being eligible, offer themselves for re-election. Also, since the last Annual General Meeting, Mr. Abdul A. Bello was appointed an Independent Non-Executive Director in place of Mr. M. G. Alkali who retired at the last Annual General Meeting. In

REPORT OF THE DIRECTORS (cont'd)

20. RETIREMENT BY ROTATION (cont'd)

accordance with the Company's Articles of Association, appointment of Mr. Abdul A. Bello will be presented for confirmation at the Annual General Meeting. Bio-data of the directors are contained on pages iv to v of this Annual Report.

21. INDEPENDENT AUDITORS

In accordance with National Code of Corporate Governance, Deloitte & Touche Nigeria will retire at the Annual General Meeting having completed their term and would not be eligible for re-election. A resolution will be proposed at the Annual General Meeting to appoint the firm of PricewaterhouseCoopers as External Auditor and to authorize the Board of Directors to fix their remuneration.

BY ORDER OF THE BOARD

OLALEKAN SANNI
Company Secretary/Legal Adviser
FRC/20I3/NBA/00000005309
16 December, 2021

Financial highlights

GROUP	**2021**	**2020**	**Increase/ (decrease)**
	N'000	**N'000**	
Revenue	35,404,072	23,443,830	51%
Profit before income tax	7,341,723	5,646,565	30%
Profit for the year	4,597,046	4,107,506	12%
Proposed dividend	2,224,056	979,410	127%
Share capital	625,422	625,422	0%
Total Equity	12,935,681	9,040,373	43%
Company	**2021**	**2020**	**Increase/ (decrease)**
	N'000	**N'000**	
Revenue	32,007,979	21,521,097	49%
Profit before income tax	6,779,894	4,963,946	37%
Profit for the year	4,384,859	3,456,694	27%
Proposed dividend	1,876,000	875,590	114%
Share capital	625,422	625,422	0%
Total Equity	12,401,122	8,687,013	43%
Data per 50k share	**2021**	**2020**	**Increase/ (decrease)**
Basic Earnings (=N=)	3.39	3.05	11%
Declared dividend (=N=)	1.5	0.7	114%
Net assets (=N=)	10.34	7.23	43%
Stock Exchange Information	**2021**	**2020**	**Increase/ (decrease)**
Stock exchange quotation at 30 September (=N=)	17.10	6.00	185%
Number of shares issued (000)	1,250,844	1,250,844	0%
Market capitalisation (N'000)	21,389,432	7,505,064	185%

REPORT OF THE AUDIT COMMITTEE
FOR THE YEAR ENDED 30 SEPTEMBER, 2021

In Compliance with the provision of Section 404(7) of the Companies and Allied Matters Acts 2020, the members of the Audit Committee reviewed the financial statements of the company for the year ended 30 September 2021 and report as follows:

a. Reviewed the scope and planning of the audit requirements and found them adequate;
b. Reviewed the financial statement for the year ended 30 September 2021 and are satisfied with the explanations obtained;
c. Reviewed the external auditors' management letter for the year ended 30 September 2021 and are satisfied with management responses to the issues raised; and
d. Ascertained that the accounting and reporting policies for the year ended 30 September, 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.
Dated this 15th December, 2021

Comrade S.B. Adenrele
Chairman, Audit Committee
FRC/2021/00200000022710

Members of the Audit Committee are:

Comrade S. B. Adenrele	- Shareholders' representative
Rev. I. O. Elushade	- Shareholders' representative
Mrs. Ajumobi Grace	- Shareholders' representative
Prof. (Mrs.) R. I. Egonmwan	- Directors' representative
Mr. A. C. Umunna	- Directors' representative

The Company Secretary, **Mr. Sanni Olalekan**, acted as Secretary to the Audit Committee

Statement of Directors' responsibilities
For the preparation and approval of the financial statements

The Directors of of Vitafoam Nigeria Plc and its subsidiaries (the Group and Company) accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group as at 30 September 2021, and the results of its operations, cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the 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.

Going Concern:
The Directors have made an assessment of the Group's ability to continue as a going concern and have no reason to believe the Group 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, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

(i) 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

(ii) 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 as of and for, the periods covered by the audited financial statements;

We state that management and directors:
(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company and its subsidiaries 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,

(ii) has evaluated the effectiveness of the Group's internal controls within 90 days prior to the date of its audited financial statements, and

(iii) certifies that the Group's internal controls are effective as of that date;

Statement of Directors' responsibilities

We have disclosed:

(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the Group'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

(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the Group's internal control; and

(iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Group for the year ended 30 September 2021 were approved by the directors on 16 December 2021.

Signed on behalf of the Board of Directors By:

Mr. Taiwo A. Adeniyi
Group Managing Director
FRC/2015/IODN/00000010639

Mr. Joseph Alegbesogie, FCA
Finance Director
FRC/2013/ICAN/00000003728

Deloitte.

P.O. Box 965
Marina
Lagos
Nigeria

Deloitte & Touche
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Nigeria

Tel: +234 (1) 904 1700
www.deloitte.com.ng

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Vitafoam Nigeria Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **Vitafoam Nigeria Plc** and its subsidiaries (the Group and Company) set out on pages 5 to 76, which comprise the consolidated and separate statements of financial position as at 30 September 2021, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Vitafoam Nigeria Plc as at 30 September 2021, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act and Financial Reporting Council of Nigeria 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of 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, and we do not provide a separate opinion on the matter. We have determined the matter described below to be the key audit matter to be communicated in our report. The key audit matter below relate to the audit of the separate financial statements.

Deloitte.

Key Audit Matter	How the matter was addressed in the audit
Vitafoam Sierra Leone Limited had recurring losses up to 2019 financial year due to operational challenges. In line with the requirements of IAS 36, impairment assessment was performed to determine the recoverable amount of the investment in the subsidiary. This resulted in a cumulative impairment loss of N440m as at 30 September 2020. As a result of new strategies implemented by the Group Management, the performance of the company improved, resulting in a profit before tax of N182m as at 30 September 2021. Given the improved performance of the subsidiary, the company performed impairment assessment using value in use (VIU) method to determine the recoverable amount of the investment as at 30 September 2021. This approach involved the use of discounted cash flow model with several key assumptions including future sales volumes and prices, operating costs, terminal value growth rates and the weighted average cost of capital. The assessment resulted in sufficient head room. Hence the existing impairment loss of N440m was reversed. Impairment of the investment in Sierra Leone is considered to be a Key Audit Matter due to the complexity of the accounting requirements and the significant judgement required in determining the assumptions to be used to estimate the recoverable amount. The recoverable amount of the investment, which is based on the value in use has been derived from a discounted forecast cash flow model. This model uses several key assumptions, including estimates of future sales volumes and prices, operating costs, terminal value growth rates and the weighted-average cost of capital (discount rate). Details of this matter has been disclosed in note 38.1 of these financial statements.	In evaluating the appropriateness of the impairment assessment performed by management in determining the recoverable amount, we performed the following procedures: • Evaluated the appropriateness of the assumptions applied to key inputs such as sales volumes and prices, operating costs, inflation and long-term growth rates, which included comparing these inputs with our own assessments based on our knowledge of the client and the industry; • Performed test of design and implementation of controls over the valuation of investment in subsidiaries • Tested the mathematical accuracy of management's calculations • Involved our valuation specialist to assist in evaluating the appropriateness of the discount rate applied and estimating the weighted-average cost of capital for the company; • Developed independent expectations of the impairment assessment • Performed sensitivity analysis, which included assessing the effect of possible reduction in growth rates and forecasted cash flows to evaluate the impact on the estimated headroom; • Evaluated the adequacy of the financial statements disclosures. Based on the audit procedures carried out, we conclude that the judgement and assumptions made by the Directors in determining the recoverable amount for the investment in Vitafoam Sierra Leone Limited as well as the disclosures 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, the Audit Committee's Report and the Company Secretary's Report, which we obtained prior to the date of this report. The other information do 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, 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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Deloitte.

From the matters communicated with those charged with governance we determine the matter that was of most significance in the audit of the consolidated and separate financial statements of the current period 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 public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the Fifth schedule of the Companies and Allied Matters Act we expressly state that:

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

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

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

Chigozie Okoro, FCA - FRC/2013/ICAN/00000004457
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
29 December, 2021

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

	Note	Group 2021 N '000	Group 2020 N '000	Company 2021 N '000	Company 2020 N '000
Continuing operations					
Revenue	6	35,404,072	23,443,830	32,007,979	21,521,097
Cost of sales	7	(21,726,917)	(12,430,348)	(20,764,431)	(12,352,577)
Gross profit		**13,677,155**	**11,013,482**	**11,243,548**	**9,168,520**
Other gains and losses	8	236,553	638,976	848,058	631,989
Distribution costs	10	(1,414,261)	(1,054,011)	(1,370,395)	(1,022,406)
Administrative expenses	9	(4,560,080)	(4,128,219)	(3,458,742)	(3,151,789)
Operating profit		**7,939,367**	**6,470,228**	**7,262,469**	**5,626,314**
Finance income	12	254,863	106,508	239,904	99,442
Finance costs (Note 11)	11	(852,507)	(930,171)	(722,479)	(761,810)
Profit before taxation		**7,341,723**	**5,646,565**	**6,779,894**	**4,963,946**
Taxation	13	(2,744,677)	(1,730,685)	(2,395,035)	(1,507,252)
Profit from continuing operations		**4,597,046**	**3,915,880**	**4,384,859**	**3,456,694**
Discontinued operations					
Profit/(loss) from discontinued operations	39	-	191,626	-	-
Profit for the year		**4,597,046**	**4,107,506**	**4,384,859**	**3,456,694**
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurements on net defined benefit liability	40	179,027	(196,413)	179,027	(196,413)
Gain/(Loss) on valuation of investments in equity instruments designated as at FVTOCI	40	2,206	(413)	2,206	(413)
Total items that will not be reclassified to profit or loss	40	**181,233**	**(196,826)**	**181,233**	**(196,826)**
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange differences on translation of foreign operations	40	(63,287)	(295,128)	-	-
Other comprehensive Income/(Loss) for the year net of taxation	40	**117,946**	**(491,954)**	**181,233**	**(196,826)**
Total comprehensive income for the year		**4,714,992**	**3,615,552**	**4,566,092**	**3,259,868**
Profit attributable to:					
Owners of the parent		4,237,307	3,812,235	4,384,859	3,456,694
Non-controlling interest		359,739	295,271	-	-
		4,597,046	**4,107,506**	**4,384,859**	**3,456,694**
Profit attributable to:					
Owners of the parent:					
From continuing operations		4,237,307	3,620,609	4,384,859	3,456,694
From discontinued operations		-	191,626	-	-
		4,237,307	**3,812,235**	**4,384,859**	**3,456,694**
Non-controlling interest:					
From continuing operations		359,739	295,271	-	-
Total comprehensive income attributable to:					
Owners of the parent		4,355,253	3,320,281	4,566,092	3,259,868
Non-controlling interest		359,739	295,271	-	-
		4,714,992	**3,615,552**	**4,566,092**	**3,259,868**
Earnings per share					
From Continuing operaions					
Basic earnings per share (kobo)	29	339.00	305.00	351.00	276.00
Diluted earnings per share (Kobo)	29	339.00	305.00	351.00	276.00
From discontinued operations					
Basic earnings per share (kobo)	29.2	-	0.15	-	-
Diluted earnings per share (kobo)	29.2	-	0.15	-	-

The accounting policies and the notes on pages 10 to 72 form an integral part of the consolidated and separate financial statements.

Consolidated and Separate Statements of Financial Position as at 30 September 2021

	Note	Group 2021 N '000	Group 2020 N '000	Company 2021 N '000	Company 2020 N '000
Assets					
Non-Current Assets					
Property, plant and equipment	15	6,510,419	5,540,704	2,859,214	3,844,335
Intangible assets	16	24,486	25,974	20,460	24,386
Investment property	17	-	-	1,849,660	552,777
Investments in subsidiaries	38	-	-	888,571	435,228
Right-of-use assets	43	205,329	217,619	205,329	217,619
Investment in financial assets	18	7,298	5,122	7,298	5,122
Finance lease receivables	42	56,350	28,714	56,350	28,714
		6,803,882	**5,818,133**	**5,886,882**	**5,108,181**
Current Assets					
Inventories	19	8,624,761	5,291,903	6,509,003	3,820,207
Trade and other receivables	20	786,845	601,045	2,384,844	2,149,102
Other assets	21	4,877,180	3,004,275	4,768,004	2,315,545
Cash and cash equivalents	22	10,697,004	6,920,410	10,145,107	6,409,214
		24,985,790	**15,817,633**	**23,806,958**	**14,694,068**
Total Assets		**31,789,672**	**21,635,766**	**29,693,840**	**19,802,249**
Equity and Liabilities					
Equity					
Share capital	28	625,422	625,422	625,422	625,422
Reserves		195,827	256,908	443,977	441,771
Retained earnings		11,333,365	7,769,014	11,331,723	7,619,820
		12,154,614	8,651,344	12,401,122	8,687,013
Non-controlling interest		781,067	389,029	-	-
		12,935,681	**9,040,373**	**12,401,122**	**8,687,013**
Liabilities					
Non-Current Liabilities					
Borrowings	23	652,408	2,450,717	273,344	1,857,569
Lease liabilities	44	137,883	120,107	137,883	120,107
Retirement benefit obligation	26	808,704	930,091	808,704	930,091
Deferred income	24	133,682	244,187	133,682	244,187
Deferred tax	25	672,494	244,522	704,084	308,475
		2,405,171	**3,989,624**	**2,057,697**	**3,460,429**
Current Liabilities					
Trade and other payables	27	2,716,974	2,527,004	1,943,128	1,975,665
Borrowings	23	11,143,064	4,182,729	11,112,866	4,074,964
Deferred income	24	92,070	174,855	86,791	161,047
Current tax payable	14	2,496,712	1,721,181	2,092,236	1,443,131
		16,448,820	**8,605,769**	**15,235,021**	**7,654,807**
Total Liabilities		**18,853,991**	**12,595,393**	**17,292,718**	**11,115,236**
Total Equity and Liabilities		**31,789,672**	**21,635,766**	**29,693,840**	**19,802,249**

The consolidated and separate financial statements were approved by the board on the 16 December 2021 and were signed on its behalf by:

Mr. Taiwo A. Adeniyi
Group Managing Director
FRC/2015/IODN/00000010639

Mr. Joseph Alegbesogie, FCA
Finance Director
FRC/2013/ICAN/00000003728

The accounting policies and the notes on pages 10 to 72 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Changes in Equity

	Share capital	Total share capital	Foreign currency translation reserve	Reserve for valuation of investments	Other reserves	Retained earnings	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Group									
Balance at 1 October 2019		**625,422**	**204,665**	**(45,234)**	**393,018**	**4,658,091**	**5,835,962**	**133,748**	**5,969,710**
Profit for the year		-	-	-	-	3,812,235	3,812,235	295,271	4,107,506
Other comprehensive income		-	(295,128)	(413)	-	(196,413)	(491,954)	-	(491,954)
Total comprehensive income for the year		**-**	**(295,128)**	**(413)**	**-**	**3,615,822**	**3,320,281**	**295,271**	**3,615,552**
Change in non controlling interest without lost of control		-	-	-	-	20,456	20,456	-	20,456
Dividends		-	-	-	-	(525,355)	(525,355)	(39,990)	(565,345)
Total contributions by and distributions to owners of company recognised directly in equity		**-**	**-**	**-**	**-**	**(504,899)**	**(504,899)**	**(39,990)**	**(544,889)**
Balance at 1 October 2020		**625,422**	**(90,463)**	**(45,647)**	**393,018**	**7,769,014**	**8,651,344**	**389,029**	**9,040,373**
Profit for the year		-	-	-	-	4,237,307	4,237,307	359,739	4,597,046
Other comprehensive income		-	(63,287)	2,206	-	179,027	117,946	-	117,946
Total comprehensive income for the year		**-**	**(63,287)**	**2,206**	**-**	**4,416,334**	**4,355,253**	**359,739**	**4,714,992**
Changes in NCI as a result of share allotment not resulting in loss of control		-	-	-	-	-	-	80,552	80,552
Effect of corrected exchange difference		-	-	-	-	-	-	15,378	15,378
Statue barred unclaimed dividend received (Note 27.4 .1)		-	-	-	-	23,592	23,592	-	23,592
Dividends		-	-	-	-	(875,575)	(875,575)	(63,631)	(939,206)
Total contributions by and distributions to owners of company recognised directly in equity		**-**	**-**	**-**	**-**	**(851,983)**	**(851,983)**	**32,299**	**(819,684)**
Balance at 30 September 2021		**625,422**	**(153,750)**	**(43,441)**	**393,018**	**11,333,365**	**12,154,614**	**781,067**	**12,935,681**

The accounting policies and the notes on pages 10 to 72 form an integral part of the consolidated and separate financial statements

Separate Statement of Changes in Equity

	Share capital N '000	Reserve for valuation of investments N '000	Other reserves N '000	Retained earnings N '000	Total equity N '000
Company					
Balance at 1 October 2019	**625,422**	**(45,234)**	**487,418**	**4,864,438**	**5,932,044**
Profit for the year	-	-	-	3,456,694	3,456,694
Other comprehensive income	-	(413)	-	(196,413)	(196,826)
Total comprehensive income for the year	**-**	**(413)**	**-**	**3,260,281**	**3,259,868**
Transfer between reserves	-	-	-	20,456	20,456
Dividends	-	-	-	(525,355)	(525,355)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(504,899)**	**(504,899)**
Balance at 1 October 2020	**625,422**	**(45,647)**	**487,418**	**7,619,820**	**8,687,013**
Profit for the year	-	-	-	4,384,859	4,384,859
Other comprehensive income	-	2,206	-	179,027	181,233
Total comprehensive income for the year	**-**	**2,206**	**-**	**4,563,886**	**4,566,092**
Statute barred unclaimed dividend received (Note 27.4.1)	-	-	-	23,592	23,592
Dividends	-	-	-	(875,575)	(875,575)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(851,983)**	**(851,983)**
Balance at 30 September 2021	**625,422**	**(43,441)**	**487,418**	**11,331,723**	**12,401,122**

The accounting policies and the notes on pages 10 to 72 form an integral part of the consolidated and separate financial statements.

Consolidated and Separate Statements of Cash Flows

		Group		Company	
	Note(s)	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Cash flows from operating activities					
Cash generated from operations	31	3,113,131	6,252,052	1,656,195	5,670,180
Tax paid	14	(1,626,634)	(980,163)	(1,435,828)	(863,307)
Net cash from operating activities		**1,486,497**	**5,271,889**	**220,367**	**4,806,873**
Cash flows from investing activities					
Purchase of property, plant and equipment	15	(1,512,145)	(1,026,011)	(623,981)	(532,449)
Proceed from disposal of property, plant and equipment		9,967	10,099	9,762	941
Purchase of investment property	17	-	-	(42,034)	(263,158)
Acquisition of shares in subsidiary	38	-	-	(13,078)	-
Purchase of other intangible assets	16	(8,356)	(8,622)	(5,573)	(8,295)
Additions to finance lease receivables	42	(64,057)	(20,526)	(64,057)	(20,526)
Finance lease receipts	42	36,421	17,564	36,421	17,564
Interest Income	12	203,037	26,822	188,078	19,756
Net cash from investing activities		**(1,335,133)**	**(1,000,674)**	**(514,462)**	**(786,167)**
Cash flows from financing activities					
Proceeds from borrowings	23.1	9,047,552	5,497,062	9,004,216	4,865,616
Repayment of borrowings	23.1	(3,885,526)	(2,285,830)	(3,550,539)	(2,065,147)
Dividends paid	30	(939,206)	(565,345)	(875,575)	(525,355)
Finance costs	11	(701,734)	(764,977)	(571,706)	(596,616)
Proceeds on sale of shares in subsidiary to non-controlling interest where control is not lost	45	80,552	-	-	-
Statute barred dividend received (Note 27.4 .1)		23,592	-	23,592	-
Interest paid		-	-	-	-
Net cash from financing activities		**3,625,230**	**1,880,910**	**4,029,988**	**1,678,498**
Total movement for cash & cash equivalent for the year		**3,776,594**	**6,152,125**	**3,735,893**	**5,699,204**
Cash at the beginning of the yearperiod		6,920,410	768,285	6,409,214	710,010
Cash and cash equivalent at the end of the year	22	**10,697,004**	**6,920,410**	**10,145,107**	**6,409,214**

The accounting policies and the notes on pages 10 to 72 form an integral part of the consolidated and separate financial statements.

Corporate information

Vitafoam Nigeria Plc is Nigeria's leading manufacturer of flexible, reconstituted and rigid foam products. It has the largest foam manufacturing and distribution network, which facilitates just-in-time delivery of its products throughout Nigeria. Incorporated on 4 August 1962 and listed on the floor of the Nigerian Stock Exchange in 1978. Vitafoam's successful brands remain household names in the country

The company is consolidating its core business by the introduction of innovative value added products and services. It is exploiting polyurethane technology in the more profitable technical/ industrial and construction business. It has become a full range solutions provider for polyurethane products and bedding/ cushion products. Its Comfort Centers provide a one-stop shop for discerning consumers of its products. In addition, Vitafoam is striving to be a major player in the Oil and Gas industry by providing insulation solutions to Oil companies.

The Company has carved a niche for itself in the industry by its offer of a vast array of high and superior quality products that present the customers multiple choices. Mattresses of varied resilience and hardness are available nationwide. By use of contours cutting equipment, Vitafoam designs and constructs custom-made mattresses and pillows. In addition, a range of profile products that are versatile in use are offered to the market - Mats (Vitarest, Leisure mats etc.) and Foam sitting chairs (Vitasolid). The needs of nursing mothers are addressed by the offering of a number of foam based baby products (Changing mat, Baby cot mattresses, pillows etc.). Rigid polyurethane foam manufactured by Vitafoam is found useful in the oil industry, refrigeration, conditioners, poultry enclosure and office partitioning.

The address of the registered office is 140, Oba Akran Avenue, Ikeja Industrial Estate, Lagos, Nigeria.

Vitafoam Nigeria Plc is a Public Limited Liability company and it has seven subsidiaries . These subsidiaries include Vitavisco Ltd, Vitapur Ltd, Vono Furnitures Ltd, Vitablom Ltd, Vitafoam Sierra Leone Ltd, Vitagreen Ltd and Vitapart. Vitapart is a new company (subsidiary) established to manufacture oil filters. The company is yet to commence full operations in the current year

Foreign operations are included in accordance with the policies set out in note 1.4

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

The consolidated financial statements incorporate the financial statements of Vitafoam Nigeria Plc. and its subsidiaries, collectively called "the Group" made up to 30 September each year. The ultimate controlling party of the Group is the parent , Vitafoam Nigeria Plc.

Separate financial statements for Vitafoam Nigeria Plc (the Company) have also been presented. The same accounting policies are used by both the Group and Company.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 16 December, 2021.

1. Significant accounting policies

1.1 Composition of financial statements

The consolidated and separate financial statements are presented in Naira which is the functional currency of Vitafoam Nigeria Plc in accordance with International Financial Reporting Standards (IFRS). These comprise:

- Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
- Consolidated and Separate Statements of Financial Position
- Consolidated and Separate Statements of Changes in Equity
- Consolidated and Separate Statements of Cash Flows; and
- Notes to the Consolidated and Separate Financial Statements

1.2 Basis of measurement and preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable for the year ended 30 September 2021, including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee

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 1.18 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 the revaluation of financial assets that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

1.2 Basis of measurement and preparation (continued)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, 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.

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.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.3 Consolidation

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; 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.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non controlling interest . Total comprehensive income of the subsidiaries is attributed to the owners of the company and to the non-controlling interest even if the results in the non-controlling interest having a deficit balance.

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

1.3 Consolidation (continued)

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

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

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1.4 Foreign currency

Functional and presentation currency

Items included in the consolidated and separate financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated consolidated and separate financial statements are presented in Naira which is the group functional and presentation currency.

Transactions and balances

In preparing the financial statements of the Group entities, 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 Operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

Significant accounting policies

1.4 Foreign currency (continued)

In addition, in relation to a partial disposal of a subsidiary that include a foreign operation that does not results in the group locontrol over the subsidiary . the proportionate share of accumulated foreign exchange difference are re-distributed to noncontrolling interest and are not recognised in profit or loss . For other partial disposal (i.e. partial disposal i associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income

1.5 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from sales of foams, mattress, pillows etc

Sale of goods and Delivery

The Company sells its goods both to wholesalers (Key distributors) and directly to customers through its retail outlets (comfort centres).

For sales of its 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 Company 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. For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Under the Company's standard contract terms, customers are entitled to variable consideration. This represents the discount applied directly on invoice and all other discount to customers for performance. The Company uses its accumulated historical experience to estimate the volume of discount using the expected value method.

Under current revenue recognition standard, upon transportation of goods to customers the company recognize revenue upon delivery of freight to the customer. Related transportation and delivery expenses directly associated with the shipments are recorded once the revenue is recognized.

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using standard costing model. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity).

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 - purpose cost on a weighted average basis including

consumable spare parts - transportation and applicable clearing charges

Finished products and products in-process (work in progress) - weighted average cost of direct materials, labour costs and a proportion of production overheads based on normal operating cycle

Inventory-in-transit - Purchase cost incurred to date

Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses. Allowance is made for defective and slow moving items as appropriate. If carrying value exceeds net realizable amount, a write down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

1.7 Property, plant and equipment

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and Group and the cost can be measured reliably. Repairs and maintenance costs are charged to the profit or loss in the period they are incurred.

The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income' in the profit or loss.

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Asset Category	Useful life(years)
Buildings	33
Plant and machinery	5
Furniture and fixtures	5

1.7 Property, plant and equipment (continued)

Motor vehicles	4

Land is not depreciated. In case where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference (impairment loss) is recorded as expense in profit or loss

When an item of property, plant and equipment is disposed, the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended 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.

1.8 Taxation

Current tax assets and liabilities

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current Income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss 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 by the end of the reporting period.

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 Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred Income 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 the initial recognition of 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 profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, 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.

1.8 Taxation (continued)

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

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.

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.

1.9 Employee benefits

Pension obligations

The Company operates a pension scheme which is generally funded through payments to insurance companies or trustee administered funds, determined by periodic actuarial calculations. The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The Group has both defined benefit and defined contributory schemes.

Defined Contributory scheme

In Nigeria, the Group, in line with the provisions of the Pension Reform Act 2014, operates a defined contribution pension scheme under which the Group contributes 10% and its employees each contribute 8% of the employees' monthly basic salary,housing and transport allowances to the fund.

The Group also operates defined contribution schemes in accordance with the relevant local laws. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

The staff contributions to the scheme are funded through payroll deductions while the Group's contributions are accrued and charged fully to the profit or loss account. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefits scheme

A defined benefit plan is a retirement benefit plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses are recognized in full in the period in which they occurred, in other comprehensive income and cumulated in other reserves without recycling to profit or loss in subsequent periods.

The current service cost of the defined benefit plan, recognised in the statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognised immediately in income.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

1.9 Employee benefits (continued)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements

The Group recognises service costs within profit or loss as administrative expenses (see note 9).

Interest expense or income is recognised within finance costs (see note 11 and 12).

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19:70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity [reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with IAS 19:70].

Other long term benefits

Other long term benefits - Long Service awards are paid to qualifying staff when earned. The Group's liability to staff is measured annually by independent actuaries using the projected credit unit method.

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

1.10 Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded as share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

Significant accounting policies

1.11 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Unclaimed dividends which remain 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 the Companies and Allied Matters Acts of Nigeria are written back to retained earnings.

1.12 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

Group as lessee

Lease liability

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 rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- 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;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line item on the 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 lease payments made. Interest charged on the lease liability is included in finance costs (note 11) (note 11).

The Group remeasures 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 significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured 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 remeasured by discounting the revised lease payments using an unchanged 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 remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.
Details of leasing arrangements where the group is a lessee are presented in note 43 Leases (group as lessee).

Significant accounting policies

1.12 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:
- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, 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. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement 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 expenses" in profit or loss.

Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

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. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

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.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

1.13 Government grants

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

Significant accounting policies

1.13 Government grants (continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non?current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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 they become receivable.

The fair value of the government loan at below market rate of interest is estimated as the present value of all future cash flows discounted using the prevailing market rate(s) of interest for a similar instrument with a similar credit rating. The benefit of the government grant is measured as the difference between the fair value of the loan and the proceeds received.

1.14 Segmental 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 Managing Director of Vitafoam Nigeria Plc.

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.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Significant accounting policies

1.16 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Land held under operating leases is classified and accounted for by the Company as investment property when the definition of investment property would otherwise be met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and (where applicable) borrowing costs. After initial recognition, investment property is carried at cost. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Group and the cost can be reliably measured.

This is usually when all risks are transferred. Rental income represents income received from letting of properties. Income is recognised on an accrual basis and credited to the profit or loss.

Property rented to a parent, subsidiary, or fellow subsidiary is not investment property in consolidated financial statements that include both the lessor and the lessee, because the property is owner-occupied from the perspective of the group. However, such property could qualify as investment property in the separate financial statements of the lessor, if the definition of investment property is otherwise met.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised

Depreciation is recognised so as to write off the cost of the investment property over their useful lives, using the straight-line method, on the following basis:

Asset Category	Useful life (years)
Investment property	33

1.17 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight?line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

There were no development expenditure capitalised as internally generated intangible asset during the year (2018: Nil). No impairment charges as the assets were not impaired.

Internally-generated intangible assets - research and development expenditure

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally?generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Significant accounting policies

1.17 Intangible assets (continued)

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

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

1.18 Critical accounting judgements and 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 recognized 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.

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Default rate constitutes a key input in measuring ECL. Loss rate is the estimate of the proportion of historical receivables balances that were never recovered within the defined loss point for various categories of customers. In determining the loss rates, an historical age analysis detailing the amounts that remained unpaid by customers as at the defined loss points defined by management for the various customer Companys.The calculation of which includes historical data, assumptions and expectations of future conditions. An historical/observed default rates obtained and regress with the historical data of the two chosen macroeconomic variables sourced over the same length of period which the default rates were obtained. The model generates regression coefficients (intercept and slopes) which are applied of the forecast macroeconomic data. A scalar is obtained which is applied to the Historical loss rate.

Significant accounting policies

1.18 Critical accounting judgements and sources of estimation uncertainty (continued)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The company determines the business model at a level that reflects how its financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensate. The company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for disposal and whether the reasons are consistent with the objective of the business for which the asset was held. The company continues to assess whether the business model for which the remaining financial assets are held continues to be appropriate, and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

Impairment of investment in subsidiaries

In line with the requirements of IAS 36 the Group annually perform impairment assessment to determine the recoverable amount of the investment in the subsidiary by using value in use (VIU) model to determine the recoverable amount of the investment as at 30 September 2021 and this approach involved the use of discounted cash flow model with several key assumptions including future sales volumes and prices, operating costs, terminal value growth rates and the weighted average cost of capital. If the assessment resulted in sufficient head room no impairment loss would be recognised.

Impairment of non-financial assets

IAS 36 requires an assessment of the indicators of impairment at least at each reporting period end. Where no indicators exists as at review date, the standard precludes the need for any further impairment testing. The Directors have reviewed all indicators as at the reporting date and concluded that no non-financial assets (i.e. property, plant & equipment) were impaired.

Pension obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for these benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

The Group's actuary determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations.

In determining the appropriate discount rate, the actuaries considers the interest rates of high-quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related employee benefit obligation. Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in note 26.

Income taxes

Taxes are paid by Companies under a number of different regulations and laws, which are subject to varying interpretations. In this environment, it is possible for the tax authorities to review transactions and activities that have not been reviewed in the past and scrutinize these in greater detail, with additional taxes being assessed based on new interpretations of the applicable tax law and regulations.

Accordingly, management’s interpretation of the applicable tax law and regulations as applied to the transactions and activities of the Companies within the Group may be challenged by the relevant taxation authorities. The Group’s management believes that its interpretation of the relevant tax law and regulations is appropriate and that the tax position included in these financial statements will be sustained.

Critical judgements in applying 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 signicant effect on the amounts recognised in financial statements:

Investment in subsidiary – Vitapur Nigeria Limited, Vitablom Nigeria Limited and Vitavisco Nigeria Limited

Even though Vitafoam holds only 40% of the equity shares in Vitapur Nigeria Limited, 40.64% in Vitablom Nigeria Limited and 30.38% in Vitavisco Nigeria Limited, the Directors believe that Vitafoam has control over Vitapur Nigeria Limited, Vitablom Nigeria limited and Vitavisco Nigeria Limited even though it holds less than half of the voting rights of the entities and it has a sufficiently dominant voting interest to direct the relevant activities, controls the financials and operating policies of Vitapur Nigeria Limited , Vitablom Nigeria Limited and Vitavisco Nigeria Limited. This key judgement forms the basis for the consolidation of Vitapur Nigeria Limited , Vitablom Nigeria Limited and Vitavisco Nigeria Limited in these consolidated financial statements.

1.18 Critical accounting judgements and sources of estimation uncertainty (continued)

Impairment of financial assets

The Group reviews its impairment of financial assets for possible impairment, if there are events or changes in circumstances that indicate that the carrying values of the assets may not be recoverable or if there is an indication that the asset might be impaired.

1.19 Financial instruments

Financial assets

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

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

(i) Amortised cost and effective interest method

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

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

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

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

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

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

(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 1.2. The corporate bonds are initially measured at fair value plus transaction costs.

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

(iii) Equity instruments designated as at FVTOCI

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

1.19 Financial instruments (continued)

- 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 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 recognized 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 12) in profit or loss.

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

(iv) Financial assets at FVTPL

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

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are 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, 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 the Group's accounting policies (note 1.2).

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.

Derecognition

Financial assets

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

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

Financial liabilities

Significant accounting policies

1.19 Financial instruments (continued)

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

1.20 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. New Standards and Interpretations

2.1 Standards and interpretations effective and adopted in the current period

In the current period, the group has adopted the following standards and interpretations that are effective for the current financial period and that are relevant to its operations:

COVID-19 - Related Rent Concessions - Amendment to IFRS 16

In May 2020, the IASB issued Covid-19 Related Rent Concessions (Amendment to IFRS 16) that provide 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.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of 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 June 30, 2021 (a rent concession meets this condition if it results in reduced lease payments on or before June 30, 2021 and increased lease payments that extend beyond June 30, 2021); and

- There is no substantive change to other terms and conditions of the lease.

The group has adopted the amendment for the first time in the 2021 consolidated and separate financial statements.

Definition of a business - Amendments to IFRS 3

The amendment:
- confirmed that a business must include inputs and a processes, and clarified that the process must be substantive and that the inputs and process must together significantly contribute to creating outputs.
- narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and
- added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The group has adopted the amendment for the first time in the 2021 consolidated and separate financial statements.

The impact of the amendment is not material.

Presentation of Financial Statements: Disclosure initiative

The amendment clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The group has adopted the amendment for the first time in the 2021 consolidated and separate financial statements.

The impact of the amendment is not material.

Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative

The amendment clarify and align the definition of ‘material’ and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards.

The effective date of the amendment is for years beginning on or after 01 January 2020.

The group has adopted the amendment for the first time in the 2021 consolidated and separate financial statements.

The impact of the amendment is not material.

2. New Standards and Interpretations (continued)

2.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 October 2021 or later periods:

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

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Classification of Liabilities as Current or Non-Current - Amendment to IAS 1

The amendment changes the requirements to classify a liability as current or non-current. If an entity has the right at the end of the reporting period, to defer settlement of a liability for at least twelve months after the reporting period, then the liability is classified as non-current.

If this right is subject to conditions imposed on the entity, then the right only exists, if, at the end of the reporting period, the entity has complied with those conditions.

In addition, the classification is not affected by the likelihood that the entity will exercise its right to defer settlement. Therefore, if the right exists, the liability is classified as non-current even if management intends or expects to settle the liability within twelve months of the reporting period. Additional disclosures would be required in such circumstances.

The effective date of the amendment is for years beginning on or after 01 January 2023.

The group expects to adopt the amendment for the first time in the 2024 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 1

A subsidiary that uses the cumulative translation differences exemption, may elect in its financial statements, 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 if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary.

The effective date of the group is for years beginning on or after 01 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Reference to the Conceptual Framework: Amendments to IFRS 3

The amendment makes reference to the Conceptual Framework for Financial Reporting issued in 2018 rather than to the IASC's Framework for the Preparation and Presentation of Financial Statements. The amendment specifically points to the treatment of liabilities and contingent liabilities acquired as part of a business combination, and which are in the scope of IAS 37 Provisions, Continent Liabilities and Contingent Assets or IFRIC 21 Levies. It clarifies that the requirements of IAS 37 or IFRIC 21 should be applied to provisions, contingent liabilities or levies to determine if a present obligation exists at the Acquisition date. The amendment further clarifies that contingent assets of acquirees share not be recognised as part of the business combination.

The effective date of the group is for years beginning on or after 01 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Annual Improvement to IFRS Standards 2018-2020: Amendments to IFRS 9

2. New Standards and Interpretations (continued)

The amendment concerns fees in the '10 per cent' test for derecognition of financial liabilities. Accordingly, in determining the relevant fees, only fees paid or received between the borrower and the lender are to be included.

The effective date of the group is for years beginning on or after 01 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Property, Plant and Equipment: Proceeds before Intended Use: Amendments to IAS 16

The amendment relates to examples of items which are included in the cost of an item of property, plant and equipment. Prior to the amendment, the costs of testing whether the asset is functioning properly were included in the cost of the asset after deducting the net proceeds of selling any items which were produced during the test phase. The amendment now requires that any such proceeds and the cost of those items must be included in profit or loss in accordance with the related standards. Disclosure of such amounts in now specifically required.

The effective date of the group is for years beginning on or after 01 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Onerous Contracts - Cost of Fulfilling a Contract: Amendments to IAS 37

The amendment defined the costs that are included in the cost of fulfilling a contract when determining the amount recognised as an onerous contract. It specifies that the cost of fulfilling a contract comprises the costs that relate directly to the contract. These are both the incremental costs of fulfilling the contract as well as an allocation of other costs that relate directly to fulfilling contracts (for example depreciation allocation).

The effective date of the group is for years beginning on or after 01 January 2022.

The group expects to adopt the amendment for the first time in the 2023 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Interest Rate Benchmark Reform - Phase 2: Amendments to IFRS 16

If there is a lease modification as a result of the interest rate benchmark reform, then as a practical expedient the lessee is required to apply paragraph 42 of IFRS 16 to account for the changes by remeasuring the lease liability to reflect the revised lease payment. The amendment only applies to modifications as a result of the interest rate benchmark reform.

The effective date of the group is for years beginning on or after 01 January 2021.

The group expects to adopt the amendment for the first time in the 2022 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Impact of the initial application of COVID-19-Related Rent Concessions beyond 30 June 2021—Amendment to IFRS 16

In the prior year, the Group early adopted Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provided 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. This practical expedient was available to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021.

In March 2021, the Board issued Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16) that extends the practical expedient to apply to reduction in lease payments originally due on or before 30 June 2022.

In the current financial year, the Group has not applied the amendment 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 applying IFRS 16 as if the change were not a lease modification.

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

2. New Standards and Interpretations (continued)

- The change in lease payments results in revised consideration for the lease that is substantially the same as, orless than, the consideration for the lease immediately preceding the change
- Any reduction in lease payments affects only payments originally due on or before 30 June 2022 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2022 and increased lease payments that extend beyond 30 June 2022)
- There is no substantive change to other terms and conditions of the lease

Impact on accounting for changes in lease payments applying the exemption

At the date of authorisation of these financial statements, the Group has not applied the practical expedient to all rent concessions that have been issued but are not yet effective.

It is unlikely that the amendment will have a material impact on the Group's's consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

3. Financial instruments and risk management

Financial risk management

Overview

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 Finance Director 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.

The Group’s business activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate, and price), credit risk and liquidity risk.Risk management is the responsibility of the finance director who aims to effectively manage the financial risk of Vitafoam Nigeria Plc, according to the policies approved by the Board of Directors. The finance director identifies and monitors financial risk

Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

The Group also sets credit limits and monitors customer activities to ensures that these limits are adhered to. Individual customer limits are set taking into consideration past experiences, trading performances and other factors. Where counterparties are unable to meet obligations under existing terms, the Group identifies such customers and restructures facilities to encourage performance and reduce losses.

The Group's credit portfolio is materially concentrated in South west Nigeria. The Group's maximum exposure to credit risk as at the reporting date is the carrying value of the financial assets in the statement of financial position. The carrying value of these financial assets approximates the fair value. The tables below analyse financial assets into the relevant past due groupings as at each reporting date.

The maximum exposure to credit risk is presented in the table below:

Group
30 September 2021

Financial assets	Neither past due nor impaired	30-60 days	90-120 days	Above 120 days	Total
	N'000	N'000	N'000	N'000	N'000
Cash and bank balances	10,697,004	-	-	-	10,697,004
Trade receivables (Net)	95,603	52,549	90,799	43,943	282,894
Staff advances	5,441	-	-	-	5,441
Other receivables(Net WHT)	472,155	-	-	-	472,155
	11,270,203	**52,549**	**90,799**	**43,943**	**11,457,494**

30 September 2020

Financial assets	Neither Past due nor impaired	30-60 days	90-120 days	Above 120 days	Total
	N'000	N'000	N'000	N'000	N'000
Cash and bank balances	6,920,410	-	-	-	6,920,410
Trade receivables (Net)	140,523	39,210	25,669	40,860	246,262
Staff advances	4,914	-	-	-	4,914
Other receivables (Net WHT)	248,800	-	-	-	248,800
	7,314,647	**39,210**	**25,669**	**40,860**	**7,420,386**

Notes to the Consolidated and Separate Financial Statements

3. Financial instruments and risk management (continued)

Company
30 September 2021

Financial assets	Neither Past due nor impaired N'000	30-60 days N'000	90-120 days N'000	Above 120 days	Total N'000
Cash and bank balances	10,145,107	-	-	-	10,145,107
Trade receivables (Net)	50,909	7,853	14,221	21,385	94,368
Staff advances	4,365	-	-	-	4,365
Other receivables (Net WHT)	518,632	-	-	-	518,632
Due from related parties	1,763,804	-	-	-	1,763,804
	12,482,817	**7,853**	**14,221**	**21,385**	**12,526,276**

30 September 2020

Financial assets	Neither Past due nor impaired N'000	30-60 days N'000	90-120 days N'000	Above 120 days	Total N'000
	-	-	-	-	-
Cash and bank balances	6,409,214	-	-	-	6,409,214
Trade receivables (Net)	94,695	17,320	21,704	25,659	159,378
Staff advances	3,806	-	-	-	3,806
Other receivables (Net WHT)	220,986	-	-	-	220,986
Due from related parties	1,764,296	-	-	-	1,764,296
	8,492,997	**17,320**	**21,704**	**25,659**	**8,557,680**

Prepayments are not financial assets and thus not included as part of credit risk assessment for financial assets.

All receivables that are neither past due nor impaired are within approved credit limits, management does not expect any losses from non-performance by these parties. Receivables aged between 90- 120 days are past due but not impaired and relate to a number of customers for which there is no history of default.

An allowance for impairment is generally recorded for trade receivable balances based on the circumstances of such receivables. Other factors considered in making the impairment allowance include evidence of financial difficulty of the debtor. The Group's policy on credit is such that the security account kept for distributors is used in the event of a default i.e. the group is able to recover its monies from these accounts. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The amounts held in the security accounts as at each year end are as follows:

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Collateral (Dealer's security account balances)	83,452	81,164	61,472	70,954

No other collateral is held on these balances.

An analysis of impaired receivables (above 120 days) and related allowance for impairment loss is as follows:

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Carrying amount before provision(Gross)	304,132	317,208	234,683	254,251
Provisions for impairment loss	(260,189)	(276,348)	(213,729)	(228,592)
Net carrying amount	**43,943**	**40,860**	**20,954**	**25,659**

Notes to the Consolidated and Separate Financial Statements

3. Financial instruments and risk management (continued)

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 manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long term and short term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow forecasting is performed by the finance department. Cash flow projections take into consideration the Group's debt financing plans and covenant compliance.

The group enjoys favourable 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.

The maturity profile of contractual cash flows of non-derivative financial liabilities, and financial assets held to mitigate the risk, are presented in the following table. The cash flows are undiscounted contractual amounts.

Group - 2021

		Within 1 year	Between 2 years and above	Total
Financial liabilities		N'000	N'000	N'000
		-	-	-
Borrowings- Term loans	23	932,122	652,408	1,584,530
Lease liabilities	44	137,883	-	137,883
Trade and other payables	27	2,716,974	-	2,716,974
Borrowings (Bank overdrafts & commercial papers)	23	10,210,942	-	10,210,942
Bank overdraft	22	-	-	-
		13,997,921	**(652,408)**	**14,650,329**

Group - 2020

		within 1 year	Between 2 years and above	Total
Financial liabilities		N'000	N'000	N'000
Borrowings- Term loans	23	1,045,438	2,450,717	3,496,155
Lease liabilities	44	120,107	-	120,107
Trade and other payables	27	2,527,004	-	2,527,004
Borrowings (Bank overdrafts & letter of credits)	23	3,137,291	-	3,137,291
		6,829,840	**2,450,717**	**9,280,557**

Notes to the Consolidated and Separate Financial Statements

3. Financial instruments and risk management (continued)

Company - 2021

		Within1 year	Between 2 years and above	Total
Financial liabilities		N'000	N'000	N'000
		-	-	-
Borrowings- Term loans	23	882,316	273,344	1,155,660
Lease liabilities	44	137,883	-	137,883
Trade and other payables	27	1,943,128	-	1,943,128
Borrowings (Bank overdrafts and commercial papers)	23	10,230,550	-	10,230,550
		13,193,877	**(273,344)**	**13,467,221**

Company - 2020

		Within1 year	between 2 years and avove	Total
Financial liabilities		N'000	N'000	N'000
Borrowings- Term loans	23	793,667	1,857,569	2,651,236
Lease liabilities	44	120,107	-	120,107
Trade and other payables	27	1,975,665	-	1,975,665
Borrowings (Bank overdrafts and letter of credits)	23	3,281,297	-	3,281,297
		6,170,736	**1,857,569**	**8,028,305**

The amounts disclosed in the tables above are the contractual undiscounted cash flows of the liabilities.

The Group's exposure to liquidity risk is minimal as at 30 September 2021.

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.

Foreign currency risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the group’s functional currency (The Naira).The Group is exposed to foreign exchange risks from some of its commercial transactions and current assets.

The Group buys and imports some of the raw materials used for production, the payments for which are made in US Dollars. Receipts for sales of finished goods in Nigeria are in Naira whilst receipts for sales of finished goods to countries such as Sierra Leone is in US Dollars. The Group makes payments and collects receipts primarily in Nigerian Naira. Periodically however, receipts and payments are made in other currencies, mostly in the US dollar.

Management’s approach to managing foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for these transactions. Currency exposure arising from assets and liabilities denominated in foreign currencies is also managed primarily by setting limits on the percentage of net assets that may be invested in such deposits.

Notes to the Consolidated and Separate Financial Statements

3. Financial instruments and risk management (continued)

Sensitivity to foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The foreign currency denominated balance that the group is exposed to fluctuations is cash and cash equivalents. The group is primarily exposed to the US Dollar.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
US Dollars 10% increase	(1,149,271)	(444,368)	(1,149,271)	(444,368)
US Dollars 10% decrease	1,149,271	444,368	1,149,271	444,368

Interest rate risk

As the group has no significant interest-bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates.

The group's exposure to interest rate risk relates primarily to long term borrowings which were issued at floating interest rates. The Group can also be exposed to cash flow interest rate risk on short term deposits and short term bank borrowings to the extent that the significant reductions in market interest rates would result in a decrease in the interest earned or paid by the Group.

The Group's borrowings are denominated in Nigerian naira and to manage this risk, the Group's policy is to negotiate favourable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for loans and for deposits.

Sensitivity analysis for interest rate risk

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates at the reporting date. The variable interest balances that the group is exposed relate to bank borrowings.

	Group		Company	
Increase or decrease in rate	**2021**	**2020**	**2021**	**2020**
	N'000	N'000	N'000	N'000
10% increase in interest rate	196,173	137,444	196,173	118,409
10% decrease in interest rate	(196,173)	(137,444)	(196,173)	(118,409)
	-	-	-	-

Price risk

The group's equity instruments are classified as Available for sale and are investments in Nigerian entities. Management monitors the movement in prices of these instruments on monthly basis by comparing price movements on same or similar equities on the stock exchange.

Sensitivity analysis for price risk

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market. The group's exposure to equity price risk is not material as the group holds a small portfolio of equity instruments. An increase or decrease of 100 basis points on the Nigeria Stock exchange (NSE) equity prices.

Notes to the Consolidated and Separate Financial Statements

3. Financial instruments and risk management (continued)

Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. The Group's net debt/total capital ratio is summarised as follows:

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 2019.

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.

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Total borrowings	11,795,472	6,633,446	11,386,210	5,932,533
Cash and cash equivalents	(10,697,004)	(6,920,410)	(10,145,107)	(6,409,214)
Net borrowings	**1,098,468**	**(286,964)**	**1,241,103**	**(476,681)**
Equity	12,935,678	9,040,375	12,401,120	8,687,025
Gearing ratio	8 %	(3)%	10 %	(5)%

4. Fair value Estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction (not a forced sale) between market participants (market-based view) at the measurement date (current price) The table below analyses financial instruments carried at fair value, by valuation method. The different levels that are required to be disclosed are defined as follows.

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).
- The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes 'observable' requires significant judgement by the group. The group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. There are no liabilities at fair value.

The following table presents assets that are measured at fair value at 30 September 2020 for both group and company:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Fair value through OCI	**N'000**	**N'000**	**N'000**	**N'000**
Equity Securities	7,298	-	-	7,298

The following table presents assets that are measured at fair value at 30 September 2019 for both group and company:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
Fair value through OCI	**N'000**	**N'000**	**N'000**	**N'000**
Equity Securities	5,729	-	-	5,729

The fair value of financial instruments traded in active markets is based on quoted market prices as at each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market prices used for financial assets held by the Group is the current bid price. These instruments are included in level 1. There are no level 3 financial instruments. Financial instruments that are not traded in an active market are carried at cost (unquoted equity).

Quoted market prices were used to value financial at fair value. No level 3 financial instruments are held by the Group.

5. Categories of financial instruments

The Group's financial instruments are categorised as follows:

	Group 2021 N '000	Group 2020 N '000	Company 2021 N '000	Company 2020 N '000
Financial assets				
Loans and receivables				
Cash and cash equivalents (Note 22)	10,697,004	6,920,410	10,145,107	6,409,214
Trade and other receivables (Note 20)	672,449	548,629	2,294,871	2,084,427
Fair value through OCI				
Investment in financial assets (Note 18)	7,298	5,122	7,298	5,122
	11,376,751	**7,474,161**	**12,447,276**	**8,498,763**
Financial liabilities				
Borrowings (Note 23)	11,795,472	6,633,446	11,386,210	5,932,533
Trade and other payables (excluding statutory deductions) (Note 27)	2,489,819	2,227,606	1,849,039	1,775,250
	14,285,291	**8,861,052**	**13,235,249**	**7,707,783**

6. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time 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 36).

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

Group analyses its net revenue by the following categories:

	Group 2021 N '000	Group 2020 N '000	Company 2021 N '000	Company 2020 N '000
Revenue from contracts with customers				
Sale of goods (Foams and other products)	34,172,996	22,612,372	30,776,903	20,689,639
Rendering of services by delivering of goods at a point in time (Freight Income)	1,231,076	831,458	1,231,076	831,458
	35,404,072	**23,443,830**	**32,007,979**	**21,521,097**
Revenue other than from contracts with customers				
Within Nigeria	34,550,217	22,827,905	32,007,979	21,521,097
Outside Nigeria	853,855	615,925	-	-
	35,404,072	**23,443,830**	**32,007,979**	**21,521,097**

7. Cost of sales

	Group 2021 N '000	Group 2020 N '000	Company 2021 N '000	Company 2020 N '000
Raw materials and consumables	21,171,786	11,986,903	20,343,989	12,059,200
Manufactured goods:				
Labour cost	181,008	161,150	181,008	161,150
Depreciation and impairment	227,809	219,697	109,274	82,700
Maintenance and repairs expenses	146,314	62,598	130,160	49,527
	21,726,917	**12,430,348**	**20,764,431**	**12,352,577**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
8. Other gains and losses				
Sale of scrap items	106,952	121,166	76,582	77,146
Rental income	10,538	11,739	66,506	23,793
Investment income	-	5,200	45,173	37,234
Profit on disposal of assets	8,435	2,393	8,645	941
Exchange (loss)/ gains	(100,351)	68,521	(91)	114,286
Provision no longer required (note 8.1)	26,219	294,447	466,483	243,079
Actuarial loss on long service award	-	(27,470)	-	(27,470)
Government grants	184,760	107,090	184,760	107,090
Interest refund	-	55,890	-	55,890
	236,553	**638,976**	**848,058**	**631,989**

8.1 Provision no longer required :The sum of N440 million relates to write back of acumulated provision for impairment in investment in Vitafoam Sierra leone (Note 38) and N25.85 million write back on expected credit loss on third party trade receivable

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
9. Administrative expenses				
AGM expenses	31,754	37,859	31,524	36,758
Advertising	395,445	373,688	354,745	340,813
Audit fees	34,524	32,642	24,806	22,500
Bad debt expense	17,860	154,982	1,631	48,447
Bank charges	55,043	49,209	44,919	37,629
Cleaning	32,457	25,197	20,950	15,761
Professional and Consulting fees	132,480	154,264	90,905	123,528
Depreciation and amortisation (note 41)	294,807	437,014	226,420	369,716
Donations	1,528	1,853	850	1,248
Employee costs	2,412,331	1,885,032	1,872,822	1,457,532
Entertainment	17,724	16,507	12,832	12,590
Other admin and general expenses (Note 9.1)	54,028	27,518	11,378	15,441
Actuarial loss/(gain) on long service award	-	13,859	-	13,859
Conference & award expenses	6,800	14,982	585	8,747
Impairment of property, plant and equipment	-	22,345	-	22,345
Insurance	73,509	59,349	56,457	46,514
Rent and rates	80,382	89,619	19,703	27,062
Fines,Levies and penalties	68	251	-	200
Stationery, newspapers and periodicals	25,144	16,021	16,834	10,575
Electricity and other utilities	317,466	257,910	260,875	214,271
Printing and stationery	59,409	58,025	48,104	47,962
Protective clothing	6,081	4,191	1,174	2,308
Repairs and maintenance	287,881	186,917	206,046	139,317
Research and development costs	5,210	3,535	-	-
Security	51,264	51,943	38,209	40,170
Subscriptions	22,550	16,390	16,556	13,139
Transport and travelling	144,335	137,117	100,417	83,357
	4,560,080	**4,128,219**	**3,458,742**	**3,151,789**

9.1 Other admin and general expenses comprises of sundry expense, internal audit and employees scholarship scheme expenses respectively

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
10. Distribution expenses				
Distribution expenses	1,414,261	1,054,011	1,370,395	1,022,406

This represent cost incurred in the delivery of finished products to customers during the financial year

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
	2021 N '000	**2020 N '000**	**2021 N '000**	**2020 N '000**

11. Finance costs (Note 11)

Interest on loans and overdraft	664,622	676,879	537,391	511,324
Other finance cost	37,112	88,098	34,315	85,292
	701,734	**764,977**	**571,706**	**596,616**
Add: Non cash effect	-	-	-	-
Interest on Lease	17,776	15,484	17,776	15,484
Interest on defined benefit obligation	132,997	149,710	132,997	149,710
Total finance costs	**852,507**	**930,171**	**722,479**	**761,810**

12. Finance income

Interest on time deposit	203,037	26,822	188,078	19,756
Interest on planned assets	51,826	79,686	51,826	79,686
	254,863	**106,508**	**239,904**	**99,442**

13. Taxation

Income tax expense

Income tax	2,196,241	1,552,271	1,915,383	1,336,238
Education tax	159,762	123,631	137,794	106,646
Capital gain tax	-	43	-	-
Police trust fund levy	383	278	339	248
	2,356,386	1,676,223	2,053,516	1,443,132
Prior year (over provision)/under provision -deferred tax	349,701	10,772	337,362	10,772
Prior year (over provision)/under provision -current tax	(1,576)	-	-	-
Back duty tax	48,951	-	31,417	-
Deferred tax provision	(8,785)	43,690	(27,260)	53,347
Tax expense	**2,744,677**	**1,730,685**	**2,395,035**	**1,507,251**

The current tax charge has been computed at the applicable rate of 30% (30 September 2020: 30%) plus education levy of 2% (30 September 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 donations and subscriptions, legal expenses, depreciation, amortisation and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income include income such as unrealised exchange difference and profit on disposal of fixed asset which are not taxable.

13. Taxation (continued)

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

	Group 2021 N '000	Group 2020 N '000	Company 2021 N '000	Company 2020 N '000
Accounting profit	7,341,723	5,646,565	6,779,894	4,963,946
Tax at the applicable tax rate of 30% (2020: 30%)	2,202,517	1,693,970	2,033,968	1,489,184
Tax effect of adjustments on taxable income				
Effect of income exempted from taxation	(172)	(17,628)	(145,803)	(12,119)
Effect of non-deductible expenses in determining taxable profit	27,568	19,000	15,438	11,872
Effect of currency translation	(9,117)	(5,653)	-	-
Effect of other allowances	(16,474)	(14,035)	(10,671)	(9,217)
Effect of back duty tax	48,952	10,772	31,417	10,772
Effect of deferred education tax	-	2,411	-	3,556
Effect of policy trust	383	278	339	249
Effect of education tax	159,762	123,631	137,794	106,646
Effect of over provision prior year - deferred tax	349,701	(49,809)	337,362	(90,901)
Effect of minimum tax	1,908	5,052	-	-
Capital gains	-	(85)	-	-
Others	1,384	(230)	-	-
Effect of recognition of previously unrecognised deferred tax	(14,944)	(36,989)	-	(2,790)
Effect of over provision prior year-current tax	(1,576)	-	-	-
Difference in tax rates	(5,215)	-	(4,809)	-
	2,744,677	**1,730,685**	**2,395,035**	**1,507,252**

14. Tax Payable

The movement in tax payable/receivable is as follows:	Group 2021 N '000	Group 2020 N '000	Company 2021 N '000	Company 2020 N '000
At 1 October	1,721,181	1,017,577	1,443,131	855,763
Company income tax for the year	2,356,386	1,676,223	2,053,516	1,443,133
Payment during the year	(1,626,634)	(983,391)	(1,435,828)	(866,537)
Under provison in prior year	(3,172)	10,772	-	10,772
Back duty assessment	48,951	-	31,417	-
At 30 September	**2,496,712**	**1,721,181**	**2,092,236**	**1,443,131**

15. Property, plant and equipment

Property, plant and equipment - Group

	Land N '000	Buildings N '000	Plant and machinery N '000	Furniture and fixtures N '000	Motor vehicles N '000	Total N '000
Cost						
At 1 October 2019	291,023	2,739,621	2,629,939	375,920	533,351	6,569,854
Additions	3,075	439,707	441,025	25,447	116,757	1,026,011
Derecognition of disposed subsidiary (Note 15.4)	-	-	-	(2,390)	(3,907)	(6,297)
Disposals	-	-	(13,472)	-	(30,886)	(44,358)
Transfer from assets held for sale (Note 15.5)	-	1,616,581	34,796	12,699	3,901	1,667,977
Transfer from disposal group (Note 15.2)	-	726,945	130,557	12,408	25,966	895,876
Reclassifications (Note 15.3)	7,610	(7,610)	-	-	-	-
Impairment (Note 15.1)	-	(22,345)	-	-	-	(22,345)
Effect of exchange differences	-	17,354	3,117	296	619	21,386
At 30 September 2020	**301,708**	**5,510,253**	**3,225,962**	**424,380**	**645,801**	**10,108,104**
Additions	-	299,160	1,086,281	57,577	69,127	1,512,145
Disposals	-	-	(20,786)	(61)	(53,337)	(74,184)
Adjustment (Note 15.2)	-	-	(40,583)	-	-	(40,583)
Effect of exchange differences	-	(1,934)	(347)	(37)	(78)	(2,396)
At 30 September 2021	**301,708**	**5,807,479**	**4,250,527**	**481,859**	**661,513**	**11,503,086**
Depreciation and impairment						
At 1 October 2019	-	678,182	2,175,826	315,883	429,412	3,599,303
Charge for the year	-	341,950	220,133	17,569	52,794	632,446
Disposals	-	-	(7,734)	-	(30,762)	(38,496)
Derecognition of disposed of subsidiary	-	-	-	(1,588)	(2,865)	(4,453)
Transfer from assets held for sale (Note 15.5)	-	68,681	34,796	12,699	3,901	120,077
Transfer from disposal group (Note 15.2)	-	105,973	117,082	10,566	18,214	251,835
Effect of exchange differences	-	3,042	2,872	270	504	6,688
At 30 September 2020	**-**	**1,197,828**	**2,542,975**	**355,399**	**471,198**	**4,567,400**
Charge for the year	-	179,570	227,812	20,483	72,617	500,482
Disposals	-	-	(19,669)	(61)	(52,922)	(72,652)
Adjustment (Note 15.2)	-	-	(1,353)	-	-	(1,353)
Effect of exchange differences	-	(688)	(371)	(43)	(108)	(1,210)
At 30 September 2021	**-**	**1,376,710**	**2,749,394**	**375,778**	**490,785**	**4,992,667**
Carrying amount						
At 30 September 2020	**301,708**	**4,312,425**	**682,987**	**68,981**	**174,603**	**5,540,704**
At 30 September 2021	**301,708**	**4,430,769**	**1,501,133**	**106,081**	**170,728**	**6,510,419**

Notes to the Consolidated and Separate Financial Statements

15. Property, plant and equipment (continued)

Property, plant and equipment - Company

	Land	Buildings	Plant and machinery	Furniture and fixtures	Motor vehicles	Total
	N '000	N '000	N '000	N '000	N '000	N '000
Cost						
At 1 October 2019	291,023	2,162,211	1,836,025	287,173	448,258	5,024,690
Additions	3,075	152,590	272,409	10,756	93,619	532,449
Disposal	-	-	-	-	(19,099)	(19,099)
Transfer from assets held for sale (Note 15.5)	-	1,616,581	34,796	12,699	3,901	1,667,977
Impairment (Note 15.1)	-	(22,345)	-	-	-	(22,345)
At 30 September 2020	**294,098**	**3,909,037**	**2,143,230**	**310,628**	**526,679**	**7,183,672**
Additions	-	174,023	396,287	17,915	35,756	623,981
Disposals	-	-	(20,786)	-	(50,013)	(70,799)
Adjustment (Note 15.2)	-	-	(40,583)	-	-	(40,583)
Reclassifications (Note 15.1)	-	(1,616,581)	-	-	-	(1,616,581)
At 30 September 2021	**294,098**	**2,466,479**	**2,478,148**	**328,543**	**512,422**	**6,079,690**
Accumulated depreciation						
At 1 October 2019	-	534,780	1,662,156	271,572	355,093	2,823,601
Depreciation	-	286,488	82,700	7,189	38,381	414,758
Disposals	-	-	-	-	(19,099)	(19,099)
Transfer fom assets held for sale (Note 15.5)	-	68,681	34,796	12,699	3,901	120,077
At 30 September 2020	**-**	**889,949**	**1,779,652**	**291,460**	**378,276**	**3,339,337**
Disposals	-	-	(19,669)	-	(50,013)	(69,682)
Adjustment (Note 15.2)	-	-	(1,353)	-	-	(1,353)
Reclassifications (Note 15.1)	-	(289,102)	-	-	-	(289,102)
Depreciation	-	70,544	109,274	7,098	54,360	241,276
At 30 September 2021	**-**	**671,391**	**1,867,904**	**298,558**	**382,623**	**3,220,476**
Carrying amount						
At 30 September 2020	**294,098**	**3,019,088**	**363,578**	**19,168**	**148,403**	**3,844,335**
At 30 September 2021	**294,098**	**1,795,088**	**610,244**	**29,985**	**129,799**	**2,859,214**

15.1 Reclassification :: These relates to cost of property located at Mushin let out to Vitapur Nig. Ltd and Vitavisco Nig. Ltd reclassified to investment property during the year. Since , the property rented by a parent to a subsidiary is not investment property in consolidated financial Statements in line with IAS 40 , because the property is owner -occupied from the perspective of the group . The investment property of the company (Vitafoam Nigeria Plc) was reclassified to property , plant and equipment as it is being occupied by two of its subsidiaries i.e. Vitablom Nigeria Limited and Vitapur Nigeria Limited .

15.2 Adjustment: This relates to adjustment on third party equipment finance lease that was classified under property , plant and equipmentn in 2020 financial year now reclassified to finance lease receivable in current financial year.

15.3 Capitalized borrowings

There was no capitalised borrowing cost during the years ended 30 September 2021 and 30 September 2020.

15.4 Assets pledged - Security

As at 30 September 2021, all the fixed and floating properties of the parent (Vitafoam Nigeria Plc) were subject to a registered debenture that forms security for bank loans (see Note 23 for details)

16. Intangible assets

Intangible assets- Group

	Computer Software N'000
Cost	
At 01 October 2019	111,233
Additions	8,622
At 30 September 2020	**119,855**
Additions	8,356
At 30 September 2021	**128,211**
Amortisation and impairment	
At 01 October 2019	(81,351)
Amortisation	(12,530)
At 30 September 2020	**(93,881)**
Amortisation	(9,844)
At 30 September 2021	**(103,725)**
Carrying amount	
At 30 September 2020	**25,974**
At 30 September 2021	**24,486**

Intangible assets - Company

	Computer Software N'000
Cost	
At 01 October 2019	105,960
Additions	8,295
At 30 September 2020	**114,255**
Additions	5,573
At 30 September 2021	**119,828**
Amortisation and impairment	
At 01 October 2019	(77,879)
Charge for the year	(11,990)
At 30 September 2020	**(89,869)**
Amortisation	(9,499)
At 30 September 2021	**(99,368)**
Carrying amount	
At 30 September 2020	**24,386**
At 30 September 2021	**20,460**

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 the Sage ERP package deployed

17. Investment property

Investment property - Company

	Investment property N'000
Cost	
At 1 October 2019	441,550
Additions	263,158
At 30 September 2020	**704,708**
Additions	42,034
Reclassification (Note 15.1)	1,616,581
At 30 September 2021	**2,363,323**
Depreciation and impairment	
At 1 October 2019	(138,551)
Depreciation	(13,380)
At 30 September 2020	**(151,931)**
Depreciation	(72,630)
Reclassification (Note15.1)	(289,102)
At 30 September 2021	**(513,663)**
Carrying amount	
Carrying amount	
At 30 September 2020	**552,777**
At 30 September 2021	**1,849,660**

The building is depreciated on a straight line basis at a rate of 3% per annum

The company's investment property occupied by related party was transferred to the group's property,plant and equipment in 2020 financial year.Therefore,there is no investent property recorded for the group.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000

18. Investment in financial asset

Investment in equity instrument classified as fair value through OCI include the following:

Investment in quoted shares	7,298	5,122	7,298	5,122
Fair value movement during the year				
At 1 October	5,122	5,729	5,122	5,729
Gain/(loss) on fair valuation (Note 40)	2,176	(607)	2,176	(607)
	7,298	**5,122**	**7,298**	**5,122**

19. Inventories

Finished goods- cost	1,121,232	699,637	874,977	425,469
Raw materials- cost	6,258,529	3,903,208	4,540,527	2,798,769
Work in progress-cost	928,035	489,122	799,542	387,111
Spare parts and consumables - cost	428,440	351,891	361,318	276,219
	8,736,236	5,443,858	6,576,364	3,887,568
Inventories (write-downs)	(111,475)	(151,955)	(67,361)	(67,361)
	8,624,761	**5,291,903**	**6,509,003**	**3,820,207**
Inventory impairment as at 1 October	151,955	46,295	67,361	-
(Write back)/charges	(40,480)	105,660	-	67,361
At 30 September	**111,475**	**151,955**	**67,361**	**67,361**

20. Trade and other receivables

Trade receivables	600,101	685,114	333,330	421,298
Allowance for doubtful debt receivables	(317,207)	(438,852)	(238,962)	(261,920)
Trade receivables at amortised cost	282,894	246,262	94,368	159,378
Staff Debtors	5,441	4,914	4,365	3,806
Other receivables (Note 20.1)	498,510	349,869	522,307	221,622
Receivables from related parties (Note 35)	-	-	1,763,804	1,764,296
Total trade and other receivables	**786,845**	**601,045**	**2,384,844**	**2,149,102**

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 expected credit loss. The expected credit losses on trade receivables are estimated using the simplified model to derive a historical loss rate with 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 Company has recognised a loss allowance of 100% against all receivables over 365 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 period.

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. This is done by management on a case by case assessment of the debtor. None of the trade receivables that have been written off is subject to enforcement activities.

20. Trade and other receivables (continued)

Exposure to credit risk

The average credit period on sale of goods is 30 days. The Group uses an allowance matrix to measure the Expected Credit Losses (ECLs) of trade receivables from customers. Loss rates are calculated using a ‘roll rate’ method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics - geographic region, age of customer relationship and type of product purchased.

The Group has recognised an allowance for doubtful debts of 100% against all receivables over 365 days because historical experience has been that receivables that are past due beyond 365 days are not recoverable. Allowances for doubtful debts are recognised against trade receivables between 30 and 365 days.

Before accepting a new customer the Group initially trades with the customer on a cash basis to assess the customer’s ability and also determine the customer’s transaction volumes. This enables a reasonable credit limit to be set. Once these are determined the customer is then allowed to apply for a credit facility from the Company through a rigorous process with several levels of approval. Also certain categories of credit customers provide bank guarantees before being accepted as credit customers of the Group

Of the trade receivables balance at the end of the year in financial statements, N30.26 million (2019: N40.22 million) are due from the Group's largest trade debtor. There are no other customers, which represent more than 10% of the total balance of trade receivables of the Group after impairment.

Credit sales form a small portion of overall sales. The concentration of credit risk is limited due to this fact and the large and unrelated customer base. The Group has pledged no trade receivables during the year.

Trade receivables are considered to be past due when they exceed the credit period granted.

The group's historical credit loss experience does not show significantly different loss patterns for different customer segments. The provision for credit losses is therefore based on past due status without disaggregating into further risk profiles. The loss allowance provision is determined as follows:

Balance at 30 September 2021		Group			Company	
	Expected credit loss rate	**Gross carrying amount**	**Loss allowance (Lifetime expected credit loss)**	**Expected credit loss rate**	**Gross carrying amount**	**Loss allowance (Lifetime expected credit loss)**
			-	-	-	-
		N'000	N'000		N'000	N'000
<30 days	16 %	113,813	(18,210)	16 %	60,784	(9,875)
<60 days	17 %	63,492	(10,943)	31 %	11,356	(3,503)
<90 days	23 %	69,465	(15,971)	39 %	16,573	(6,489)
<120 days	24 %	49,199	(11,894)	54 %	9,934	(5,366)
<180 days	50 %	44,139	(22,082)	54 %	25,140	(13,758)
<270 days	45 %	27,344	(12,281)	55 %	17,107	(9,266)
<360 days	60 %	17,208	(10,385)	80 %	8,567	(6,836)
Above 360 days	100 %	215,441	(215,441)	100 %	183,869	(183,869)
Total		**600,101**	**(317,207)**		**333,330**	**(238,962)**

Balance at 30 September 2020		Group			Company	
	Expected credit loss rate	**Gross carrying amount**	**Loss allowance (Lifetime expected credit loss)**	**Expected credit loss rate**	**Gross carrying amount**	**Loss allowance (Lifetime expected credit loss)**
				N'000		
<30 days	16 %	167,981	(27,458)	14 %	109,826	(15,131)
< 60 days	25 %	51,989	(12,779)	15 %	20,343	(3,023)
<90 days	37 %	37,425	(13,656)	40 %	20,782	(7,676)
<120 days	98 %	110,511	(108,611)	47 %	16,096	(7,498)
<180 days	48 %	16,660	(8,005)	52 %	12,349	(6,377)
< 270 days	54 %	37,418	(20,158)	59 %	29,484	(17,303)
<360 days	65 %	42,480	(27,535)	75 %	29,420	(21,914)
Above 360 days	100 %	220,650	(220,650)	100 %	182,998	(182,998)
Total		**685,114**	**(438,852)**		**421,298**	**(261,920)**

Notes to the Consolidated and Separate Financial Statements

20. Trade and other receivables (continued)

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Trade and other receivables impaired				
Trade receivable impaired:				
Past due and impaired	317,207	438,852	238,962	261,920
Reconciliation of provision for impairment of trade and other receivables				
Opening balance	438,852	563,078	261,920	445,612
Increase/(Decrease) of impairment charge during the year	(121,645)	96,424	(22,958)	5,859
Amounts written off as uncollectable		(220,650)		(189,551)
Balance at 30 September	**317,207**	**438,852**	**238,962**	**261,920**

The maximum exposure to credit risk at the reporting date is the fair value of each class of trade and other receivable mentioned above.

In determining the recoverability of trade receivables, the Group and Company allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cashflow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default.

Exposures within each credit risk grade are segmented by geographic region and industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past five years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The recognition of provision for impaired receivables have been included in administrative expenses and other gain and losses in the statement of profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The group does not hold any collateral as security other than bank guarantees from certain customers with bank guarantee. The reduction in trade receivable

The following table shows the movement in lifetime ECL that has been recognised for trade and other receivables in accordance with the simplified approach set out in IFRS 9.

	Group			Company		
	Collectively assessed	**Individually assessed**	**Total**	**Collectively assessed**	**Individually assessed**	**Total**
	N'000	N'000	N'000	N'000	N'000	N'000
At 1 October 2020	438,852	-	438,852	261,920	-	261,920
Impairment charged /(write-back) during the year	(121,645)	-	(121,645)	(22,958)	-	(22,958)
At 30 September 2021	**317,207**	**-**	**317,207**	**238,962**	**-**	**238,962**

The following explain how significant changes in the loss allowance was determined:

- Customer groupings was done based on their geographical location in accessing the customers shared risk characteristics. Customer's in Ikeja had the highest number of ECL contribution (45%) to the overall trade receivable.
- Default point aging bucket was provided at 100% of the outstanding trade receivable amount.
- Loss allowance was determined on intercompany receivables

20. Trade and other receivables (continued)
20.1. Other receivable

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Unclaimed dividends held by Meristem Registrars	246,782	186,971	246,782	186,971
Withholding tax receivable (Note 20.2)	26,355	101,069	3,675	636
Sundry debtor	17,170	34,359	17,170	15,562
Other debtors (Note 20.3)	208,203	27,470	254,680	18,453
	498,510	**349,869**	**522,307**	**221,622**

20.2. Withholding tax receivable

The movement on withholding tax receivables during the year was as follows:

Balance at 1 October	101,069	-	636	-
Additions during the year	3,039	104,298	3,039	3,864
Utilizations during the year	(77,753)	(3,229)	-	(3,228)
Balance at 30 September	**26,355**	**101,069**	**3,675**	**636**

Payments made by Nigerian customers of the Company are subject to a withholding tax in accordance with the Nigerian tax laws. The amount withheld is available to offset the actual tax liabilities. Based on the current tax laws, these withholding taxes do not expire.

20.3. Other debtors

Other debtors relates to deposit for spares with foreign partners and deposit for materials with local supplies.

21. Other assets

Other assets represents various forms of prepayments. They are as follows

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Prepaid rent	63,738	59,807	42,016	40,596
Prepaid insurance	16,924	13,364	12,992	10,325
Prepaid advertisement	22,962	-	22,962	-
Prepaid subscription	17,668	5,671	12,946	4,622
Advance payment for forex (Note 21.1)	4,683,720	2,833,828	4,639,451	2,224,408
Other prepayments (Note 21.2)	72,168	91,605	37,637	35,594
	4,877,180	**3,004,275**	**4,768,004**	**2,315,545**

21.1. Advance payments for forex represents committed cash no longer available for another purpose other than that for which it has been designated. They represent naira deposits for foreign currencies purchased for funding of letters of credit and forwards; all related to settlement of invoices emanating from importation of raw materials, spare parts and machinery, which are in transit at the year end

21.2. Other prepayment relates to advance payment for health insurance and container deposits

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000

22. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	16,145	13,194	9,635	6,227
Bank balances	2,515,666	5,014,374	1,970,279	4,510,145
Fixed deposit	8,165,193	1,892,842	8,165,193	1,892,842
Cash and bank	10,697,004	6,920,410	10,145,107	6,409,214
	10,697,004	**6,920,410**	**10,145,107**	**6,409,214**

The Group has restricted cash balance N220.5 million (2020: N193 million), company N220.5 million (2020: N193 million) which is held as a collateral for credit line utilized for letter of credit and loan repayment reserves which is reported under bank balances

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Retricted cash balance				
Zenith Bank	220,500	193,000	220,500	193,000

23. Borrowings

Non-current				
Bank loan	652,408	2,450,717	273,344	1,857,569
Current				
Letter of credit	10,210,942	3,137,291	10,230,550	3,281,297
Bank loan	932,122	1,045,438	882,316	793,667
Total current borrowings	11,143,064	4,182,729	11,112,866	4,074,964
Total borrowings	11,795,472	6,633,446	11,386,210	5,932,533

Split between non-current and current portions

Non-current liabilities	652,408	2,450,717	273,344	1,857,569
Current liabilities	11,143,064	4,182,729	11,112,866	4,074,964
	11,795,472	**6,633,446**	**11,386,210**	**5,932,533**

23.1 Bank Borrowings

The bank borrowings represent the outstanding balances on N2billion granted at 10% in 2020 . .The bank loans is secured by a negative pledge on the parent's fixed and floating assets and are carried at fair values based on cash flows discounted using effective interest rate of 19%. The Group obtained loan from International Finance Corporation to finance capital construction at the Sierra Leone Subsidiary. In 2016, the loan was bought over by a local bank in Sierra leone with a tenor of 4 years denominated in leones, the term loan was restructured in April 2018 to 5 years maturing in October 2022. Bank overdrafts and commercial papers are not discounted as the fair value equals carrying amounts.

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Reconciliation of borrowings				
Balance as at 1 October	6,633,446	3,422,215	5,932,533	3,132,064
Proceeds from borrowings	9,047,552	5,497,060	9,004,216	4,865,616
Repayment of borrowings	(3,885,526)	(2,285,829)	(3,550,539)	(2,065,147)
At 30 September	**11,795,472**	**6,633,446**	**11,386,210**	**5,932,533**

24. Deferred income

Government grants have been recognised on the loans (Wema Bank and Zenith Bank) received under the CBN/BOI intervention fund for a former subsidiary of the Group, Vono Products Plc. and N4 billion granted to the parent company. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The company government grant was presented in the statement of financial position by setting up a deferred income.

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Non-current liabilities	133,682	244,187	133,682	244,187
Current liabilities	92,070	174,855	86,791	161,047
	225,752	**419,042**	**220,473**	**405,234**

25. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods.:

Deferred tax liability	(672,494)	(244,522)	(704,084)	(308,475)

Group

30 September 2021 Deferred tax assets/ liabilities in relation to:	At 1 October N'000	P&L (Charges)/ writeback N'000	OCI (Charges) /write back N'000	Retained earnings N'000	At 30 September N'000
Property, plant & Equipment	580,176	582,516	-	-	1,162,692
Tax losses	(157,881)	34,532	-	-	(123,349)
Adjustment	196,464	(13,816)	-	-	182,648
Provision	(446,153)	(47,937)	85,506	-	(408,584)
Exchange diference	77,827	(203,208)	-	-	(125,381)
Lease liability/ROU	(5,911)	(9,621)	-	-	(15,532)
	244,522	**342,466**	**85,506**	**-**	**672,494**

Group

30 September 2020 Deferred tax assets/ liabilities in relation to:	At 1 October N'000	P&L (Charges)/ writeback N'000	OCI (Charges) /write back N'000	Retained earnings N'000	At 20 September N'000
Property, plant & Equipment	355,904	90,883	-		446,787
Tax losses	-	53,829	-		53,829
Prior year under provision	111,611	(176,805)	-	-	(65,194)
Provisions	(306,673)	30,049	(92,624)		(369,248)
Exchange difference	132,614	51,645	-		184,259
	-	(5,911)	-	-	(5,911)
	293,456	**43,690**	**(92,624)**	**-**	**244,522**

Company

30 September 2021 Deferred tax assets/ liabilities in relation to:	At 1 October N'000	P&L (Charges)/ writeback N'000	OCI (Charges) /write back N'000	Retained earnings N'000	At 30 September N'000
Property, plant & Equipment	549,600	49,403	-	-	599,003
Prior year under provision	-	309,131	-	-	309,131
Provisions	(424,340)	(39,070)	84,651	855	(424,340)
Exchange difference	189,126	3,029	-	-	192,155
Lease liability/ROU	(5,911)	(9,622)	-	-	(5,911)
	308,475	**312,871**	**84,651**	**855**	**670,038**

25. Deferred tax (continued)

Company

30 September 2020 Deferred tax assets/ liabilities in relation to:	At 1 October N'000	P&L (Charges)/ writeback N'000	OCI (Charges) /write back N'000	Retained earnings N'000	At 20 September N'000
Property, plant & Equipment	480,426	69,174	-		549,600
Prior year under provision	111,611	(111,611)	-		-
Provisions	(389,974)	58,259	(92,624)	-	(424,340)
Exchange difference	145,689	43,437	-		189,126
Lease liability/ROU	-	(5,911)	-		(5,911)
	347,752	**53,348**	**(92,624)**	**-**	**308,475**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax assets(liabilities) after offset presented in the Statement of Financial Position:

	Group		Company	
	2021 N '000	**2020 N '000**	**2021 N '000**	**2020 N '000**
Deferred tax assets	-	(434,479)	-	(430,251)
Deferred tax liabilities	-	676,513	-	738,726
	-	**242,034**	**-**	**308,475**

26. Employee benefit obligation

	Group		Company	
	2021 N '000	**2020 N '000**	**2021 N '000**	**2020 N '000**
Statement of financial position obligation				
Retirement benefit obligation	612,593	761,557	612,593	761,557
Long Service Awards Benefits	196,111	168,534	196,111	168,534
Liability in the statement of financial position	**808,704**	**930,091**	**808,704**	**930,091**

Defined benefit plan

The Group operates a defined benefit/staff gratuity plan where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period on date of retirement. The plan is partly funded and plan assets are managed externally by Nigeria Life and Pensions. Actuarial valuation of staff gratuity reports was carried out by Ernst & Young and signed by O.O.Okpaise (FRC/2012/NAS/00000000738). The amounts recognised in the statement of financial position are determined as follows:

	Group		Company	
	2021 N '000	**2020 N '000**	**2021 N '000**	**2020 N '000**
Carrying value				
Present value of the defined benefit obligation	(1,298,727)	(1,344,399)	(1,298,727)	(1,344,399)
Fair value of plan assets	686,135	582,842	686,135	582,842
	(612,592)	**(761,557)**	**(612,592)**	**(761,557)**

26. Employee benefit obligation (continued)

Net defined benefit obligation

The movement in the present value of retirement benefits obligation over the year is as follows:

	Group		Company	
	2021 N '000	**2020 N '000**	**2021 N '000**	**2020 N '000**
At 1 October	1,344,399	909,114	1,344,399	909,114
Current service cost	135,826	97,953	135,826	97,953
Interest cost	118,644	132,448	118,644	132,448
Actuarial (gains) losses	(238,231)	252,891	(238,231)	252,891
Benefits paid	(61,911)	(48,007)	(61,911)	(48,007)
At 30 September	**1,298,727**	**1,344,399**	**1,298,727**	**1,344,399**

The movement in the fair value of the plan asset over the year is as follows:

At 1 October	582,842	538,229	582,842	538,229
Expected return on plan assets	51,826	79,686	51,826	79,686
Employer contributions	64,000	38,280	64,000	38,280
Benefits paid by fund	(49,328)	(37,401)	(49,328)	(37,401)
Actuarial gain/(loss) on plan asset	36,795	(35,952)	36,795	(35,952)
At 30 September	**686,135**	**582,842**	**686,135**	**582,842**

The amounts recognised in profit or loss and other comprehensive income in respect of defined benefit obligation, plan assets and long service award are as follows

Service cost	128,649	111,812	128,649	111,812
Interest cost	133,247	149,710	133,247	149,710
Expected return on plan assets	(51,826)	(79,686)	(51,826)	(79,686)
Actuarial (gain)/loss on long service award	10,493	27,470	10,493	27,470
Remeasurement (gains) or losses (Note 40)	(275,026)	288,843	(275,026)	288,843
	(54,463)	**498,149**	**(54,463)**	**498,149**

Key assumptions used

The principal actuarial assumptions were as follows:

	Group and company	
	2021	2020
Discount rates used (p.a)	13.50 %	9.00 %
Expected rate of return on assets (p.a)	13.50 %	9.00 %
Expected rate of return on reimbursement rights (p.a)	12.00 %	11.00 %
Expected increase in salaries	12.00 %	11.00 %

Other assumptions

Assumptions regarding future mortality experience are based on rates published in the A67/70 Ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK. These have been rated down by one to more accurately reflect mortality rate in Nigeria thus

	Group and company	
Mortality in service	**Number of deaths in year out of 10000**	
Sample age	**2021**	**2020**
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

26. Employee benefit obligation (continued)

Withdrawal from service

Age Band	**Rate (%)**	**Rate (%)**
Less than or equal to 30	5	5
31-39	4.5	4.5
40-44	4.0	4.0
45-55	3.5	3.5
56-59	3.0	3.0

These tables translate into an average life expectancy in years for a pensioner retiring at age 60.

Long service award

The Group provides employees with a Long service award benefit – a cash award expressed as a proportion of Basic Salary together based on year of service. The group's mandatory retirement age is 60years for all staff. The Scheme is unfunded.

Liability in the statement of financial position

The movement in the present value of Long service awards obligations over the year for both group and company is as follows:

	Group and Company	
	N'000	N'000
At 1 October	168,534	119,937
Current service cost	17,736	13,859
Interest cost	14,603	17,262
Actuarial (gains)	10,493	27,470
Benefits paid	(15,255)	(9,994)
At 30 September	**196,111**	**168,534**

Sensitivity analysis

The sensitivities of the retirement benefit obligation to the principal assumptions adopted in the determining the liabilities are as follows:

	Change in assumption	**Impact on retirement benefit obligation as at 30 September 2021**
		N'000
Base	-	1,298,727
Discount rate	+1%	1,195,298
	-1%	1,415,884
Salary Increases	+1%	1,423,757
	-1%	1,187,782
Mortality experience	Age rated up by 1 year	1,298,830
	Age rated down by 1 year	1,298,630

The weighted average duration of the defined benefit obligation is 9.05years.(2020 : 11.24)

	Group		Company	
	2021 N '000	**2020 N '000**	**2021 N '000**	**2020 N '000**
27. Trade and other payables				
Financial instruments:				
Trade payables	602,113	616,467	214,731	447,838
Dealers' security deposit	83,452	81,164	61,472	70,954
Other credit balances (Note 27.1)	207,121	140,255	175,476	97,916
Value added tax payable	112,759	246,982	4,116	135,740
Accrued expenses	123,172	186,045	37,468	66,549
Withholding tax payable	114,396	52,416	89,973	64,675
Other accounts payable (Note 27.2)	161,909	132,548	48,871	21,263
Contract liability (Note 27.3)	653,326	545,748	653,326	545,748
Dividends unclaimed (Note 27.4)	658,726	525,379	657,695	524,982
	2,716,974	**2,527,004**	**1,943,128**	**1,975,665**

All trade payables are due within twelve (12) months.

27.1. Other credit balances comprise of freighters and other service providers.

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. The Directors consider the carrying amount of trade and other payables to approximate their fair value.

27.2. Other accounts payable comprises of various statutory obligations due for 30 September 2021

Sundry creditors comprise trade debtors with credit balances as well as the amounts due to freighters

Other statutory taxes comprises of payables relating to the following: Pension, Nigeria Social Insurance Trust Fund (NSITF), National Housing Fund (NHF), Industrial Training Fund (IFT), Pay-As-You-Earn (PAYE), Co-operative Union dues and staff gratuity for the subsidiaries (as there was no valuation done this gratuity).

27.3 Contract liability -Represent customer cash deposit for products

27.4Unclaimed dividend

	Group		Company	
	2021 N '000	**2020 N '000**	**2021 N '000**	**2020 N '000**
Age (Years)				
<12	20,445	23,751	20,445	23,751
<11	25,842	20,897	25,842	20,897
<10	31,491	27,082	31,491	27,082
<9	31,100	32,173	31,100	32,173
<8	36,772	22,862	36,772	22,862
<7	39,274	37,643	39,274	37,643
<6	39,841	40,467	39,841	40,467
<5	22,172	41,540	22,172	41,540
<4	36,003	23,093	36,003	23,093
<3	59,478	43,215	59,478	43,215
<2	116,261	71,178	116,261	71,178
<1	199,016	141,478	199,016	141,081
	657,695	**525,379**	**657,695**	**524,982**

Notes to the Consolidated and Separate Financial Statements

27. Trade and other payables (continued)

27.4.1 Movement in unclaimed dividend

	Group 2021 N '000	Group 2020 N '000	Company 2021 N '000	Company 2020 N '000
Balance at 1 October	524,982	420,195	524,982	420,195
Dividend declared with respect to prior year	939,206	565,345	875,575	575,355
Payments during the year to Meristem Registrars	(939,206)	(565,345)	(875,575)	(575,355)
Unpaid dividend received (see (ii) below)	-	62,643	-	62,643
Unclaimed dividend above 15 (fifteen) months receivable from the registrar (see (iii) below)	200,047	186,971	199,016	186,971
Statute barred dividend transferred to retained earnings (see (i) below)	(23,592)	(20,456)	(23,592)	(20,456)
Payments made to Shareholders during the period	(43,742)	(123,974)	(42,711)	(124,371)
Balance at 30 September	**657,695**	**525,379**	**657,695**	**524,982**

The balance as at year-end is included in trade and other payables (Note 27).

(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 385 of the Companies and Allied Matters Act.

(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

(iii) As at 30 September 2021, N199.016million (2020: N186.971million) of the total dividend payable is held with the Company's registrar, Meristem Registrars. The balance at year-end is included in trade and other receivables.

28. Share capital

	Group 2021 N '000	Group 2020 N '000	Company 2021 N '000	Company 2020 N '000
Authorised				
2,400,000,000 Ordinary shares of 50 kobo each	1,200,000	1,200,000	1,200,000	1,200,000
Issued				
Ordinary share 1,250,844 (2020 :1,250,844) of 50k each	625,422	625,422	625,422	625,422

29. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

29.1 From continuing operations

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
29. Basic earnings per share (continued)				
Net profit attributable to shareholders (N'000)	4,237,307	3,812,235	4,384,859	3,456,694
Weighted number of ordinary shares in issue as at year end (000)	1,250,844	1,250,844	1,250,844	1,250,844
Earnings per share (Kobo)	**339**	**305**	**351**	**276**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive ordinary shares during the year.

29.2 From discontinued operations

Net profit attributable to shareholders (N'000)	-	191,626	-	-
Weighted number of ordinary shares in issue as at year end (000)	-	1,250,844	-	-
Earnings per share (Kobo)		**0.15**		

Notes to the Consolidated and Separate Financial Statements

30. Dividends paid

Paid dividends in the last 2 years

The following dividend were paid by the Group and company for the respective years indicated:

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Dividend paid	939,206	565,345	875,575	525,355

Dividends of N875.58million (N0.70 per share) which relates to year ended 30 September 2020 (2019: N525.36 million N0.42 per share) was paid by Vitafoam Nigeria Plc (Company) in arrears in the year 2021. Vitablom Nigeria Limited also paid a dividend of N103.82million (N0.40 per share) for the same period.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000

31. Cash generated from operations

Profit before taxation	7,341,723	5,646,565	6,779,894	4,963,946
Adjustments for:				
Depreciation and amortisation on continuing operations (Note 41)	522,616	656,711	335,694	452,416
Translation adjustment on PPE	1,185	-	-	-
Profit on disposal of asset	(8,435)	(2,393)	(8,645)	(941)
Adjustment on property, plant and equipment	39,230	-	39,230	-
Gain/loss on exchange difference	(63,287)	(295,128)	-	-
Interest received	(254,863)	(106,508)	(239,904)	(99,442)
Finance costs (Note 11)	852,507	930,171	722,479	761,810
Movement in investment in subsiiary	-	-	(440,265)	-
Effect of corrected exchange difference	15,378	-	-	-
Loss from discontinued operations	-	191,626	-	-
Fair value loss on investment in financial assets	30	-	30	-
Depreciation on discontinued operation	-	555	-	-
Impairment of property, plant and equipment	-	22,345	-	22,345
Service cost	128,649	111,812	128,649	111,812
Actuarial loss on long service award	10,493	27,470	10,493	27,470
Changes in working capital:				
Inventories	(3,332,858)	191,711	(2,688,796)	541,059
Trade and other receivables	(185,798)	156,781	(235,741)	202,145
Other assets	(1,872,905)	(2,146,634)	(2,452,459)	(2,055,493)
Trade and other payables	189,922	590,205	(32,537)	480,098
Deferred income	(193,290)	335,643	(184,761)	321,835
Benefit paid	(77,166)	(58,880)	(77,166)	(58,880)
	3,113,131	**6,252,052**	**1,656,195**	**5,670,180**

32. Contingent liabilities

Pending litigations and claims

The Group is engaged in Lawsuits that have arisen as a result of claims by ex-employee for wrongful termination and an appeal by Abia State Internal Revenue against Tax Tribunal Judgement . The contingent liabilities in respect of these pending litigations against the Company amounted to N168.32million (2020: N156.79million).,Group amount to N168.32 million (2020 : N268.95) 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

33. Commitments and guarantees

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 30 September 2021 was N10.23billion (2020: N3.28billion)

Capital commitments

a. Capital expenditure authorised by the directors but not contracted was Nil (2020: Nil)

b. Capital expenditure contracted but not provided for in the financial statements was Nil (2020: Nil)

34. Directors and employees information

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000

Directors' emoluments

Remuneration paid to the directors is as follows:

Basic*	86,993	78,432	86,993	75,307
Other emoluments*	91,160	97,676	91,160	86,344
	178,153	**176,108**	**178,153**	**161,651**

Directors fee represents payment made to non-executive directors, Group: N6.890m (2020: N4.825m) , Company: N1.550m (2020: N1,850m)

Chairman	8,020	7,418	8,020	7,418
Emoluments of the highest paid directors	43,848	38,032	43,848	38,032

The number of directors excluding the chairman whose emoluments were within the following ranges were:

In numbers	**Number**	**Number**	**Number**	**Number**
N6,000,000 - N12,000,000	5	5	5	5
N12,300,001 and above	4	4	4	4
	9	**9**	**9**	**9**

Employees

The average number of persons employed by the Group and Company during the year were as follows:

In numbers	**Number**	**Number**	**Number**	**Number**
Management	158	156	109	108
Non-management	520	496	350	346
	678	**652**	**459**	**454**

34. Directors and employees information (continued)

The breakdown of employee emoluments are as follows:

Employee cost charged to cost sales	181,008	161,150	181,008	161,150
Employee cost charged to Administrative expenses	2,412,331	1,885,032	1,872,822	1,457,532
	2,593,339	**2,046,182**	**2,053,830**	**1,618,682**

Employees remuneration were within the following range

N	Number	Number	Number	Number
100,001 - 200,000	2	55	-	-
200,001 - 300,000	31	22	-	-
300,001 - 400,000	51	55	11	25
400,001 - 500,000	41	145	21	122
500,001 - 600,000	80	133	56	120
600,001 - 700,000	106	60	93	54
700,001 - 800,000	89	28	75	22
800,001 - 900,000	48	21	40	17
900,001 - 1,000,000	35	18	30	15
1,000,001 - 1,100,000	14	17	12	11
1,100,001 - 1,200,000	5	3	4	3
1,200,001 - 1,300,000	3	5	3	5
1,300,001 - 1,400,000	4	7	2	3
1,400,001 - 1,500,000	14	11	5	8
1,500,001 - 2,000,000	37	25	19	14
2,000,001 - 2,500,000	44	11	28	7
2,500,001 - 3,000,000	21	3	17	3
3,000,001 - 3,500,000	11	9	9	6
3,500,001 - 4,000,000	8	3	8	3
4,000,001 - 4,500,000	2	1	1	1
4,500,001 - 5,000,000	4	3	3	1
5,000,001 - 5,500,000	3	2	3	2
5,500,001 - 6,500,000	6	3	3	3
6,500,001 - 8,000,000	3	3	3	3
8,000,001 - 9,000,000	5	2	5	-
9,000,001 - 11,000,000	3	3	2	2
Above 11,000,000	8	4	6	4
	678	**652**	**459**	**454**

35. Related parties

Related party balances

The following are the amount due from/to subsidiaries:

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Due from/to related entities				
Vitavisco Nigeria Limited	-	-	(52,531)	(15,270)
Vitafoam Sierra Leone	-	-	1,261,333	1,174,286
Vono Furniture Products Limited	-	-	107,959	94,810
Vitablom Nigeria Limited	-	-	(234,935)	(177,935)
Vitapur Nigeria Limited	-	-	308,019	356,856
Vitaparts Nigeria Limited	-	-	373,959	331,549
	-	**-**	**1,763,804**	**1,764,296**

The related parties balances are curent accounts with the parent.

35.1 Reconciliation of loss allowance for related party receivables movement

Allowance as 1 October	-	-	51,368	258,670
Reversal of impairment charge during the year	-	-	1,631	(170,015)
Write-offs during the year	-	-	-	(37,287)
Allowance as at 30 September	**-**	**-**	**52,999**	**51,368**

The Group in 2020 financial year took a decision to write-off the receivables of N170.015million due from one of its related parties (i.e. Vitagreen Nig. Limited) due to the low probability of recovery as well as the fact that the Group had taken a decision to discontinue its operations as disclosed in note 39.

Related party transactions

During the year the Group entered into transactions with its related parties. The transactions were in the ordinary course of business. Transactions with subsidiaries were at arm's lenght . Transactions with subsidiaries are eliminated in the Group consolidated accounts . The following transactions were carried out with related parties.

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Sales of goods and services				
Vono Furniture Products Limited	-	-	205,908	109,585
Purchases from related parties				
Vitablom Nigeria Limited	-	-	1,192,285	1,024,542
Vitavisco Nigeria Limited	-	-	441,796	329,872
Vono Furnitures Products Limited	-	-	128,370	213,596
Vitapur Nigeria Limited	-	-	649,304	820,907
	-	**-**	**2,411,755**	**2,388,917**

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

35.2 Related party transactions

The company controls a number of related parties in which it has controlling interest. This has been detailed in Note 38.

35.3 Key management personnel compensation

35. Related parties (continued)

Key management includes directors (executive and non-executive), members of the Executive Committee, the Company Secretary and the Head of Internal Audit.

Details of their compensation is as shown in Note . No loans were advanced to any key personnel management during the year.

35.4 Transaction with key management personnel

Mr. Gerson P. Silva and Dr. Bamidele Makanjuola (both Non-Executive Directors) are associated with companies/firms that had transaction with Vitafoam Nigeria Plc during the year

36. Segment information

IFRS 8 'Operating segments requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Managing Director of the parent Company. The Managing Director has the responsibility for planning and controlling the activities of the Group.

The Group operating segment information is presented on a product basis. The Chief Operating Decision Maker receives operating and financial information on a monthly basis which is based on the product groupings. The group's has two major product segments -Foam products and Furniture/other products. The foam products include flexible and rigid foam based products, as well as the group's latest innovation- memory foams. Furniture and other products include wood and metal based furnitures, fibres and others. Transactions between segments are at same range of prices available to the group key distributors. All segments have the same accounting policies as the Group.

The Managing Director assesses the performance of the operating segments based on operating profits. No information on segment assets or liabilities is reviewed by the CODM, therefore information on segment assets and liabilities have been disclosed.

Operaing profits/(Losses)	**Group**	
	2021	**2020**
	N'000	N'000
Foam products	7,992,130	6,457,763
Furniture/other products	27,593	29,316
	8,019,723	**6,487,079**

Revenue is generated from local and international sales. An analysis based on customer location is set out below:

Within Nigeria	34,548,673	22,827,905
Outside Nigeria (Sierra Leone)	853,874	615,925
Total revenue	**35,402,547**	**23,443,830**

The following is an analysis of the Group revenue from continuing operations from its major products:

Foam products	34,644,405	22,808,940
Furiture/other products	758,142	634,890
Total revenue	**35,402,547**	**23,443,830**

36.1 Segment assets and liabilities

Non-current assets which for the purpose of segment disclosures include property plant and equipment, investment property, intangible assets and equity investments excluding financial instruments, deferred tax assets and other financial assets are allocated between geographical areas as follows:

Non-current assets (excluding deferred tax)		
Within Nigeria	6,181,502	5,180,624
Outside Nigeria (Vitafoam Sierra leone)	624,103	637,509
Total	**6,805,605**	**5,818,133**

The following is an analysis of the total segment assets and liabilities by product line:

Foam products	33,241,983	21,209,332
Furniture/other products	368,324	426,434
Total segment assets	**33,610,307**	**21,635,766**

Notes to the Consolidated and Separate Financial Statements

36. Segment information (continued)

From products	17,665,874	12,151,062
Furniture/other products	352,817	444,331
Total segment liabilities	**18,018,691**	**12,595,393**

For the purposes of monitoring segment performance and allocating resources between segments the CODM 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, other financial assets (except for trade and other receivables) (see Note 20) and tax assets

36.2 Revenues from major products and services

The Group's revenues from its major products and services are disclosed in Note 6.

36.3 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.

37. Events after the reporting period

The board of Directors approved a dividend in respect of the year ended 30 September 2021 of N1.50 per share amounting to a total dividend of N1.876 billion is proposed by Vitafoam Nigeria Plc while a dividend of N0.80 per share amounting to N207.65 million is proposed by Vitablom Nigeria Limited , a dividend of N0.60 per share amounting to N40.406 million is proposed by Vitavisco Nigeria Limited and a dividend of N1.00 per share amounting to N100 million is proposed by Vitapur Nigeria Limited . There were no other post balance sheet events that could have material effect on the state of affairs of the Group at 30 September 2021

38. Investment in subsidiaries (at cost)

All subsidiaries have the same year end as the parent. The investments represent cost of shares in subsidiaries. They exclude loans to subsidiaries as these are to be repaid and do not represent an increase in the parent's net investment in the subsidiaries.

Company

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by non controlling interests	Carrying amount 2021 N'000	Carrying amount 2020
Vitafoam Sierra Leone Limited (Note 38.1)	Sierra Leone	Manufacture of foam and allied products	81.93 %	18.07 %	640,526	640,526
Vitapur Nigeria Limited	Nigeria	Manufacturing of Insulation Products	40.00 %	60.00 %	40,000	40,000
Vitablom Nigeria Limited	Nigeria	Fibre processing and soft furnishing company	40.64 %	59.36 %	103,066	103,066
Vitavisco Nigeria Limited (Note 38.2)	Nigeria	Production and sales of Visco elastic foam and latex products	30.38 %	69.62 %	21,079	8,000
Vitagreen Nigeria Limited	Nigeria	Manufacturing of shoe wears	60.00 %	40.00 %	-	6,000
Vono Furnitures Products Limited	Nigeria	Manufacture of furniture products	100.00 %	- %	134,864	134,864
Vitaparts Nigeria Limited	Nigeria	Manufacture of motor vehicle oil filters	52.95 %	47.05 %	123,900	123,900
					1,063,435	1,056,356
Provision for diminution in value of investment in subsidiary					(174,864)	(621,128)
					888,571	435,228

Provision For Diminution				
At October 1	-	-	621,128	621,128
Write back	-	-	(446,264)	-
At September 30	**-**	**-**	**174,864**	**621,128**

38.1 Investment in Vitafoam Sierra Leone: Vitafoam Sierra Leone Limited had recurring losses up to 2019 financial year due to operational challenges. In line with the requirements of IAS 36, impairment assessment was performed to determine the recoverable amount of the investment in the subsidiary. This resulted in a cumulative impairment loss of N440 million as at 30 September 2020.

As a result of new strategies implemented by the Group Management, the performance of the company improved, resulting in a profit before tax of N182.34 as at 30 September 2021. Given the improved performance of the subsidiary, the company performed impairment assessment using value in use (VIU) model to determine the recoverable amount of the investment as at 30 September 2021 and consider the write back of the existing impairment loss. This approach involved the use of discounted cash flow model with several key assumptions including future sales volumes and prices, operating costs, terminal value growth rates and the weighted average cost of capital. The assessment resulted in sufficient head room. Hence the existing impairment loss of N440 million was reversed.

38.2 Investment in Vitavisco : During the year 2021, Vitavisco Nigeria Limited a subsidiary of Vitafoam Nigeria Plc with an initial 10,000,000 ordinary share capital did a private placement to increase its ordinary share capital for which additional shares of 57,344,027 units was issued. Vitafoam Nigeria Plc acquired additional 12,456,000 from this placement valued at N13.078 million adding to its already owned shares of 8,000,000 shares valued at N8 million which made the total shares to be 20,456,000 units valued at NN21.078 million. This diluted the shareholding of Vitafoam Nigeria Plc in the subsidiary from its initial 80% shareholding to 30.38% of Vitavisco Nigeria Limited's total ordinary shares of 67,344,027 of N1 per share issued as at the end of 2021 financial year, given that the other shares were acquired by other parties

Notes to the Consolidated and Separate Financial Statements

38. Investment in subsidiaries (at cost) (continued)

Summarised financial information on subsidiaries

Set out below are the summarised finacial information for major subsidiaries of the group

30 September 2021	**Vitaparts Nigeria Limited N'000**	**Vitafoam Sierra Leone Limited N'000**	**Vitapur Nigeria Limited N'000**	**Vitablom Nigeria Limited N'000**	**Vitavisco Nigeria Limited N'000**	**Vitagreen Nigeria Limited N'000**	**Vono Furnitures N'000**
Current assets	88,592	803,270	1,054,138	1,009,575	306,518	40,668	252,873
Non-current assets	508,421	624,103	199,796	214,127	138,456	35,982	118,040
Current liabilities	(389,569)	(1,504,766)	(1,002,414)	(279,545)	(103,320)	(22,559)	(293,445)
Non-current liabilities	-	(3)	(9,442)	(119,619)	(142,631)	-	(109,135)
Equity	(207,444)	77,396	(242,078)	(824,538)	(199,023)	(54,091)	31,667
Profit or loss items							
Revenue	560	853,855	2,201,658	1,595,257	604,338	-	758,087
Cost of sales	(498)	(400,851)	(1,251,579)	(1,042,652)	(400,892)	-	(483,677)
Expenses	(4,681)	(305,296)	(665,073)	(340,221)	(148,668)	-	(272,045)
Retained income/(loss)	(4,619)	147,708	285,006	212,384	54,778	-	2,365

30 September, 2020	**Vitaparts Nigeria Limited N'000**	**Vitafoam Sierra Leone Limited N'000**	**Vitapur Nigeria Limited N'000**	**Vitablom Nigeria Limited N'000**	**Vitavisco Nigeria Limited N'000**	**Vitagreen Nigeria Limited N'000**	**Vono Furnitures N'000**
Current assets	553,264	718,186	897,005	808,406	217,139	40,668	283,205
Non-current assets	8,428	640,083	47,576	234,130	94,097	35,933	160,130
Current liabilities	(349,629)	(1,489,725)	(716,325)	(119,759)	(113,931)	(22,510)	(327,367)
Non-current liabilities	-	(91,961)	(268,694)	(206,800)	(138,043)	-	(150,000)
Equity	(212,063)	223,417	40,438	(715,977)	(59,262)	(54,091)	34,032
Profit or loss items							
Revenue	-	651,325	1,510,360	1,179,516	375,450	18,374	634,890
Cost of sales	-	(312,257)	(928,856)	(695,768)	(237,848)	(19,533)	(410,098)
Expenses	(223)	(247,567)	(400,420)	(328,248)	(126,878)	192,785	(223,382)
Retained income/(loss)	(223)	91,501	181,084	155,500	10,724	191,626	1,410

Notes to the Consolidated and Separate Financial Statements

39. Discontinued operations

The group decided to discontinue its operations in Vitagreen Limited in 2020 financial year. The net loss after tax are set out below.

The decision was made by the board to discontinue these operations due the lack of return on investment for over 8 years.

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Profit and loss				
Revenue	-	18,375	-	-
Expenses	-	(21,058)	-	-
Other income	-	194,309	-	-
Net profit/ (loss) before tax	-	(2,683)	-	-
Net loss after tax	-	(2,683)	-	-
Net loss after tax	**-**	**191,626**	**-**	**-**
Assets and liabilities				
Non-current assets held for sale				
Property, plant and equipment at 1 October	-	1,547,899	-	1,547,899
Investment property	-	(1,667,976)	-	(1,667,976)
Transfer to property , plant and equipment (at depreciation)	-	120,077	-	120,077
	-	-	-	-

40. Other comprehensive income

Components of other comprehensive income - Group - 2021

	Gross	Tax	Net
Items that will not be reclassified to profit/(loss)	**N'000**	**N'000**	**N'000**
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/asset	264,533	(85,506)	179,027
Movements on valuation of equity investments			
Gains (losses) on valuation	2,206	-	2,206
Total items that will not be reclassified to profit (loss)	**266,739**	**(85,506)**	**181,233**
Items that may be reclassified to profit/(loss)			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	(63,287)	-	(63,287)
Total	**203,452**	**(85,506)**	**117,946**

40. Other comprehensive income (continued)

Components of other comprehensive income - Group - 2020

	Gross	Tax	Net
Items that will not be reclassified to profit/(loss)	**N'000**	**N'000**	**N'000**
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/asset	(288,843)	92,430	(196,413)
Movements on valuation of equity investments			
Gains (losses) on valuation	(607)	194	(413)
Total items that will not be reclassified to profit (loss)	**(289,450)**	**92,624**	**(196,826)**
Items that may be reclassified to profit/(loss)			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	(295,128)	-	(295,128)
Total	**(584,578)**	**92,624**	**(491,954)**

Components of other comprehensive income - Company - 2021

	Gross	Tax	Net
Items that will not be reclassified to profit/(loss)	**N'000**	**N'000**	**N'000**
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/asset	264,533	(85,506)	179,027
Movements on valuation of equity investments			
Gains (losses) on valuation	2,206	-	2,206
Total items that will not be reclassified to profit/(loss)	**266,739**	**(85,506)**	**181,233**

Components of other comprehensive income - Company - 2020

	Gross	Tax	Net
Items that will not be reclassified to profit/(loss)	**N'000**	**N'000**	**N'000**
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/asset	(288,843)	92,430	(196,413)
Movements on valuation of equity investments			
Gains (losses) on valuation	(607)	194	(413)
Total items that will not be reclassified to profit/(loss)	**(289,450)**	**92,624**	**(196,826)**

Notes to the Consolidated and Separate Financial Statements

41. Depreciation and amortisation

The following items are included within depreciation and amortisation in the statement of profit or loss:

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
Depreciation				
Property, plant and equipment	500,482	632,446	241,276	414,756
Right-of-use assets	12,290	12,290	12,290	12,290
Investment property	-	-	72,629	13,380
	-	-	-	-
Discontinued operation	-	(555)	-	-
	512,772	**644,181**	**326,195**	**440,426**
Amortisation				
Intangible assets	9,844	12,530	9,499	11,990
Total depreciation and amortisation				
Depreciation	512,772	644,181	326,195	440,426
Amortisation	9,844	12,530	9,499	11,990
	522,616	**656,711**	**335,694**	**452,416**
Cost of sales	227,809	219,697	109,274	82,700
Admin	294,807	437,014	226,420	369,716
	522,616	**656,711**	**335,694**	**452,416**

42. Finance lease receivables

Gross investment in the lease due				
	-	-	-	-
At October 1	28,714	28,714	28,714	28,714
Additions	64,057	-	64,057	-
Receipts	(36,421)	-	(36,421)	-
Net investment in the lease	**56,350**	**28,714**	**56,350**	**28,714**
Non-current assets	56,350	28,714	56,350	28,714
Current assets	-	-	-	-
	56,350	**28,714**	**56,350**	**28,714**

The unguaranteed residual values of assets leased under finance lease at the end of the reporting period amount to N - (2020: N -).

The group entered into finance leasing arrangements for its dealers to own their truck after full payment of the lease rental .

The average lease terms are 2 years and the average effective lending rate was 16% (2020: 16.00%).

Notes to the Consolidated and Separate Financial Statements

43. Right of use assets

Group

	Buildings N '000	Total N '000
Cost		
At 01 October 2019	-	-
At transition	229,909	229,909
At 30 September 2020	**229,909**	**229,909**
At 1 October 2020	229,909	229,909
At 30 September 2021	**229,909**	**229,909**
Depreciation and impairment		
Depreciation	12,290	12,290
At 30 September 2020	**12,290**	**12,290**
At 1 October 2020	12,290	12,290
Charge for the year	12,290	12,290
At 30 September 2021	**24,580**	**24,580**
Carrying amount		
Cost	229,909	229,909
Accumulated depreciation and impairment	(12,290)	(12,290)
At 30 September 2020	**217,619**	**217,619**
At 30 September 2021	**205,329**	**205,329**

Company

	Buildings N '000	Total N '000
Cost		
At 30 September 2020	-	-
At 1 October 2020	229,909	229,909
At 30 September 2021	**229,909**	**229,909**
Depreciation and impairment		
Depreciation	12,290	12,290
At 30 September 2020	**12,290**	**12,290**
At 1 October 2020	12,290	12,290
Charge for the year	12,290	12,290
At 30 September2021	**24,580**	**24,580**
Carrying amount		
Cost	229,909	229,909
Accumulated depreciation and impairment	(12,290)	(12,290)
At 30 September 2020	**217,619**	**217,619**
At 30 September 2021	**205,329**	**205,329**

43. Right of use assets (continued)

The Group leases warehouse and factory facilities. The leases typically run for a period of 2 to 15 years, with an option to renew the lease after that date. Lease payments are renegotiated at the end of the lease term in order to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The warehouse and factory leases were entered into in the prior year as a lease of just buildings. Previously, these leases were classified as operating leases under IAS 17.

The Group also has leases of other warehouses with contract terms of less than two years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The amounts recognised in profit/(loss) in relation to leases has been presented in Note 43.1 and the extension options for the leases has been presented in Note 43.2

The maturity analysis of lease liabilities is presented in Note 44.

43.1. Amounts recognised in profit/(loss) for leases

			2020 N'000	2020 N'000
Interest expense on lease liabilities (included in finance cost)	-	-	17,776	15,484
Expenses relating to leases of low-value assets (included in administrative expenses)	-	-	11,606	38,932
Depreciation expense on right-of-use assets (included in administrative expenses)	-	-	12,290	12,290
	-	**-**	**41,672**	**66,706**

43.2. Extension options for leases

One of the property leases contains an extension option exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in a lease liability of N120.107million.

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000

44. Lease liabilities

Minimum lease payments due				
- within one year	-	-	-	-
- in second to fifth year inclusive	-	-	-	-
- later than five years	1,009,873	1,009,873	1,009,873	1,009,873
	1,009,873	1,009,873	1,009,873	1,009,873
less: future finance charges	(871,990)	(889,766)	(871,990)	(889,766)
As at 30 September	**137,883**	**120,107**	**137,883**	**120,107**

Leasing arrangements

The Group leased certain of its properties under operating leases. The average lease terms range from 2 to 40 years. The Group's leases are secured by the lessors' title to the leased assets.

Interest rates underlying all leases are fixed on the respective contract dates at 14.8% per annum.

All leases have fixed repayments and no arrangement have been entered into for contingent rent.

	Group		Company	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000
At 1 October	120,107	-	120,107	-
On transition to IFRS 16	-	104,623	-	104,623
Payments made during the year	-	-	-	-
Interest on lease liabilities	17,776	15,484	17,776	15,484
At 30 September	**137,883**	**120,107**	**137,883**	**120,107**
Non-current liabilities	137,883	120,107	137,883	120,107
Current liabilities	-	-	-	-
	137,883	**120,107**	**137,883**	**120,107**

It is group policy to lease certain [property]motor vehicles and equipment under finance leases.

The average lease term was 25 years and the average effective borrowing rate was 14% in 2021 (2020: 14%)

Interest rates are linked to prime at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

45. Proceeds on sale of shares in subsidiary to non-controlling interest where control is not lost

	N'000			
Total Share proceeds from Sale of Vitavisco shares	93,630	-	-	-
Acquisition of Shares by Parent eliminated at consolidation	(13,078)	-	-	-
	80,552	**-**	**-**	**-**

This represent value of shares taken over by non controlling shatreholders from the sale of Vitavisco Nigeria Limited shares sold during the year

Value Added Statement

	2021 N '000	2021 %	2020 N '000	2020 %
Group				
Value Added				
Revenue	35,404,072		23,443,830	
Interest received	254,863		106,508	
Other gains and losses	236,553		638,976	
Bought - in materials and services	(24,585,303)		(14,909,686)	
Total Value Added	**11,310,185**	**100**	**9,279,628**	**100**
Value Distributed				
To Pay Employees				
Salaries, wages, medical and other benefits	2,593,339		2,046,182	
	2,593,339	**23**	**2,046,182**	**22**
To Pay Providers of Capital				
Finance costs	852,507		930,171	
Share of profit to non-controlling interest	359,739		295,271	
	1,212,246	**11**	**1,225,442**	**13**
To Pay Government				
Income tax	2,196,241		1,552,271	
Capital gain tax	-		42	
Police Trust Fund levy	383		278	
Education tax	159,762		123,631	
Back duty tax	397,076		10,772	
	2,753,462	**24**	**1,686,994**	**18**
To be retained in the business for expansion and future wealth creation:				
Depreciation and amortisation	522,616		656,710	
Deferred tax	(8,784)		43,690	
Discontinued operations	-		(191,626)	
	513,832	**5**	**508,774**	**5**
Value retained				
Retained profit	4,237,306		3,812,236	
	4,237,306	**37**	**3,812,236**	**42**
Total Value Distributed	**11,310,185**	**100**	**9,279,628**	**100**

Value added represents the additional wealth which the group has been able to create by its own and employees efforts.

Value Added Statement

	2021 N '000	2021 %	2020 N '000	2020 %
Company				
Value Added				
Turnover	32,007,979		21,521,097	
Interest received	239,904		99,442	
Other gains and losses	848,058		631,989	
Bought - in materials and services	(23,204,044)		(14,455,674)	
Total Value Added	**9,891,897**	**100**	**7,796,854**	**100**
Value Distributed				
To Pay Employees				
Salaries, wages, medical and other benefits	2,053,830		1,618,682	
	2,053,830	**20**	**1,618,682**	**25**
To Pay Providers of Capital				
Finance costs	722,479		761,810	
	722,479	**7**	**761,810**	**10**
To Pay Government				
Income tax	1,915,383		1,336,238	
Police levy	339		248	
Back duty tax	368,779		10,772	
Education tax	137,794		106,646	
	2,422,295	**24**	**1,453,904**	**19**
To be retained in the business for expansion and future wealth creation:				
Depreciation and amortisation	335,694		452,416	
Deferred tax	(27,260)		53,348	
Retained profit or loss	4,384,859		3,456,694	
	4,693,293	**47**	**3,962,458**	**51**
Value retained				
Retained profit	4,384,859		3,456,694	
	-	-	-	-
Total Value Distributed	**9,891,897**	**100**	**7,796,854**	**100**

Five Year Financial Summary

	2021 N '000	2020 N '000	2019 N '000	2018 N '000	2017 N '000
Group					
Statement of Financial Position					
Assets					
Non-current assets	6,803,882	5,818,133	3,031,914	2,960,731	3,909,957
Net-current assets/(liabilities)	8,536,970	7,211,864	2,849,215	1,327,053	(790,695)
Assets of disposal groups held for sale	-	-	2,782,997	2,952,196	1,697,065
Total assets	**15,340,852**	**13,029,997**	**8,664,126**	**7,239,980**	**4,816,327**
Liabilities					
Non-current liabilities	(2,405,171)	(3,989,624)	(2,118,353)	(2,611,536)	(1,442,729)
Liabilities of disposal groups held for sale	-	-	(576,063)	(745,737)	-
Net assets	**12,935,681**	**9,040,373**	**5,969,710**	**3,882,707**	**3,373,598**
Equity					
Share capital	625,422	625,422	625,422	521,038	521,038
Reserves	195,827	256,908	552,449	470,237	428,291
Retained earnings	11,333,365	7,769,014	4,658,091	2,851,081	2,387,180
Non-controlling interest	781,067	389,029	133,748	40,351	37,089
Total equity	**12,935,681**	**9,040,373**	**5,969,710**	**3,882,707**	**3,373,598**
Profit and loss account					
Revenue	35,404,072	23,443,830	22,283,163	19,534,101	17,695,820
Profit before taxation	**7,341,723**	**5,646,565**	**3,495,838**	**793,852**	**18,133**
Taxation	(2,744,677)	(1,730,685)	(1,031,133)	(191,929)	(145,823)
Profit/(loss) from discontinued operations	**4,597,046**	**3,915,880**	**2,464,705**	**601,923**	**(127,690)**
Discontinued operations	-	191,626	(77,997)	-	-
Profit/(loss) for the year	**4,597,046**	**4,107,506**	**2,386,708**	**601,923**	**(127,690)**
Non-controlling interest	(359,739)	(295,271)	(104,690)	(11,691)	(24,270)
Profit/(loss) attributable to owners of the parent retained	**4,237,307**	**3,812,235**	**2,282,018**	**590,232**	**(151,960)**
Per share data					
Earnings per share (Basic)	339	305	182	57	(15)
Net assets per share	1,034	723	470	373	324

Earnings/(loss) per share are based on profit/(loss) after tax and the number of issued and fully paid ordinary shares at the end of each financial year.

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.

Five Year Financial Summary

	2021 N '000	2020 N '000	2019 N '000	2018 N '000	2017 N '000
Company					
Statement of Financial Position					
Assets					
Non-current assets	5,886,882	5,108,181	2,798,616	2,923,496	3,574,620
Net current assets	8,587,492	7,039,262	3,351,043	2,490,404	208,076
Assets of disposal groups held for sale	-	-	1,748,160	1,858,469	1,570,043
Total assets	**14,474,374**	**12,147,443**	**7,897,819**	**7,272,369**	**5,352,739**
Liabilities					
Non-current liabilities	(1,992,365)	(3,460,429)	(1,965,775)	(2,449,375)	(889,263)
Net assets	**12,482,009**	**8,687,014**	**5,932,044**	**4,822,994**	**4,463,476**
Equity					
Share capital	625,422	625,422	625,422	521,038	521,308
Reserves	443,977	441,771	442,184	450,370	450,370
Retained earnings	11,412,610	7,619,821	4,864,438	3,851,586	3,491,798
Total equity	**12,482,009**	**8,687,014**	**5,932,044**	**4,822,994**	**4,463,476**
Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income					
Revenue	32,007,979	21,521,097	20,330,040	17,612,291	15,921,022
Profit before taxation	**6,779,894**	**4,963,946**	**2,496,008**	**619,233**	**290,280**
Taxation	(2,314,148)	(1,507,252)	(921,099)	(133,113)	(99,740)
Profit after tax	**4,465,746**	**3,456,694**	**1,574,909**	**486,120**	**190,540**
Profit for the year	**4,465,746**	**3,456,694**	**1,574,909**	**486,120**	**190,540**
Retained income for the year	**4,465,746**	**3,456,694**	**1,574,909**	**486,120**	**190,540**
Per share data					
Earnings per share (Basic)	351	276	126	47	18
Net assets per share	998	694	471	463	428

Earnings per share are based on loss/profit after tax and the number of issued and fully paid ordinary shares at the end of each financial year.