CAP plc

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

CAP plc

Contents

Corporate Information

BOARD OF DIRECTORS	Mr Folasope Aiyesimoju	Chairman	Appointed - June 15, 2023
	Mrs. Awuneba Ajumogobia	Chairman	Retired - June 15, 2023
	Mrs Bolarin Okunowo	Managing Director	
	Mrs. Udo Okonjo	Independent Non-Executive Director	
	Mrs. Muhibat Abbas	Non-Executive Director	
	Dr Vitus Ezinwa	Non-Executive Director	
	Mr Babs Omotowa	Independent Non-Executive Director	
	Mr Debola Badejo	Non-Executive Director	Appointed - July 21, 2023
	Mrs Ifeoma Chuks- Adizue	Executive Director	
	Mr Yomi Adenson	Executive Director	

COMPANY SECRETARY:	Aramide Nwokediuko
REGISTERED OFFICE:	2, Adeniyi Jones Avenue P.M.B. 21072, Ikeja – Lagos Tel: 08159493070 E-mail: careline@capplc.com
REGISTRATION NUMBER:	RC 4551
WEBSITE:	www.capplc.com
AUDITOR:	KPMG Professional Services KPMG Tower, Bishop Aboyade Cole Street Victoria Island Lagos
REGISTRAR:	Africa Prudential Plc 220B, Ikorodu Road Palmgrove Lagos.
TIN:	01331249-0001
BANKERS:	Zenith Bank Plc First Bank of Nigeria Plc First City Monument Bank Plc Guaranty Trust Bank Plc Union Bank of Nigeria Plc Stanbic IBTC Coronation Merchants Bank

CAP plc

Financial highlights

	2023	2022	%
	₦'000	₦'000	change
Revenue	23,890,279	19,208,470	24
Operating profit	3,253,029	3,096,001	5
Finance income	681,245	381,765	78
Profit before taxation	3,778,928	3,444,212	10
Taxation	(1,264,192)	(1,068,004)	18
Profit for the year	2,514,737	2,376,208	6
Total equity and liabilities	15,373,521	13,406,204	15
Additions to property, plant & equipment (PPE)	713,267	704,409	1
Depreciation on PPE	418,584	353,875	18
Cash and cash equivalents	4,996,425	3,761,078	33
Earnings per share (kobo) - Basic	309	292	6
Earnings per share (kobo) - Diluted	305	292	5
Net asset per share (kobo) - Basic	1,011	837	21

Reports of Directors

The Directors have the pleasure in presenting their report to members on the affairs of Chemical and Allied Products PLC (the "**Company**" or "**CAP PLC"** or "**CAP**"), together with the Audited Financial Statements and independent Auditor's Report for the year ended December 31, 2023.

1 LEGAL FORM AND PRINCIPAL ACTIVITIES

Chemical and Allied Products PLC is a technological licensee of AkzoNobel Coatings International B.V. ("AkzoNobel"). CAP Plc evolved from the world-renowned British multinational, Imperial Chemical Industries PLC (ICI), which formalized its Nigerian operations in 1957 under ICI Exports Limited. In 1965, ICI Exports Limited changed its name to ICI Nigeria Limited and in 1968, it was subsumed by ICI Paints Limited. ICI was acquired in 2008 by AkzoNobel, changed its name to Chemical and Allied Products Limited (CAPL) in the spirit of indigenization and in 1991, CAP became a public company. In 1992, ICI Nigeria Limited disposed-off its 40% shareholding in CAP when it sold 35.7% of its equity to UAC of Nigeria PLC ("UAC") and the rest to the Nigerian public. Currently, UAC holds 57.85% of CAP's shares.

CAP operates within the premium and standard segments of the Paints and Coatings market with flagship brands such as Dulux positioned in the premium segment, and Caplux and Sandtex in the standard segment. CAP also operates in the marine and protective coatings segment through distribution of the Hempel brand. The Company has the ISO 9001:2015 Quality Management System certification and the ISO 14001:2015 Environmental Management system certification. CAP is a signatory to the UN Global Compact (UNGC) initiative, raising the bar in human rights, labour standards, environment, and anti-corruption.

The Company pioneered the colour centre concept in Nigeria in 2005, which began a revolution in the Nigerian paint industry. Currently, the Company has One hundred and fifteen (115) outlets across major cities in the country following the strategic merger with Portland Paints and Products Nigeria Plc ("Portland Paints") which became effective on July 1, 2021. The Company is involved in the manufacturing and sale of paints.

2 OPERATING RESULTS

The following is the summary of the performance of the Company for the year under review as compared with the previous year:

	2023 N'000	2022 N'000
Revenue	23,890,279	19,208,470
Operating Expenses	(6,323,994)	(4,800,166)
Profit before taxation	3,778,928	3,444,212
Taxation	(1,264,192)	(1,068,004)
Profit after taxation	2,514,737	2,376,208
Retained earnings	6,070,216	4,700,110

3 DIVIDEND

The Directors are pleased to recommend to shareholders a full year ordinary dividend of N1.55k per 50 kobo share, representing N1.26billion cash distribution. Dividend will be paid net of withholding tax. (2022:N1.55k kobo share, N1.26 billion)

Cash dividend will be paid to shareholders whose names appear in the Company's Register of Members as at the close of business on June 1, 2024.

4 RECORD OF DIRECTORS' ATTENDANCE AT MEETINGS

Pursuant to Section 284(2) of the Companies and Allied Matters Act, No. 3 of 2020, the records of Director's attendance at Board meetings during the year under review will be available for inspection at the Annual General Meeting.

5 BOARD CHANGES

RETIREMENT

Mrs. Awuneba Ajumogobia, having spent 4 years on the Board since her first election, retired from the Board as the Chairperson at the Company's Annual General Meeting on June 15, 2023. The Board is deeply appreciative of Mrs. Ajumogobia for her unwavering commitment and outstanding contributions to the Company over the past years. The NGX Regulation Limited, the Securities and Exchange Commission and the Corporate Affairs were duly notified of this retirement.

NEW CHAIRMAN

Following Mrs. Awuneba Ajumogobia's retirement from the Board, Mr. Folasope Aiyesimoju was appointed as Chairman of the Board effective June 15, 2023. The NGX Regulation Limited, Securities and Exchange Commission and the Corporate Affairs have been notified of his appointment.

BOARD APPOINTMENT

During the period under review, the following appointments were made to the Board of the Company:

- Mr. Adebolanle Badejo as an non-executive director with effect from July 21, 2023.

Report of the Directors - Continued

The appointment of Mr. Adebolanle Badejo will be presented at this Annual General Meeting for the approval of the Shareholders and his profile is contained in this Annual Report. The NGX Regulation Limited, Securities and Exchange Commission and the Corporate Affairs have been notified of his appointment.

6 DIRECTORS RETIRING BY ROTATION

In accordance with the Articles of Association of the Company and Section 285 of CAMA, Mr. Folasope Aiyesimoju, Dr. Vitus Ezinwa are the directors retiring by rotation at this meeting and offering themselves for reelection. The profiles of the directors offering themselves for re-election are contained in this Annual Report.

7 DIRECTORS' TRAINING AND INDUCTION

During the year, the Directors attended relevant trainings to deepen corporate governance practice through multi-sectoral and multi-generational collaborations and enhance strategic leadership skills

Every newly appointed Director receives a comprehensive letter of appointment detailing the terms of reference and composition of the Board and Board committee, schedule of Board meetings, their entitlements and demand on their time as a result of the appointment. The letter of appointment is accompanied with the Memorandum and Articles of Association of the Company, the previous year's Annual Report and Financial Statements, the Code of Corporate Governance for Public Companies in Nigeria, CAP PLC's Code of Business Conduct, and other documents, policies, processes and procedures of the Company that help the director gain understanding of the Company, its history, culture, values, business principles, people, projects, processes and plan.

A new Director undergoes an induction for him/her to get acquainted with the business operations, issues and brands of the Company. As part of the induction process, he/she is introduced to the Directors, members of the Leadership Team, Company's operations and trade partners including Dulux partners and Sandtex franchisees.

8 DIRECTORS INTERESTS IN CONTRACTS

None of the Directors has notified the Company for the purpose of Section 303 of CAMA of any declarable interest in contracts in which CAP PLC is involved.

9 DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY.

Directors' interests in the issued share capital of the Company as recorded in the Register of Members and/or as notified by the Directors in compliance with CAMA and the Listing Requirements of the NGX Regulation Limited were as follows:

		31-Dec-23	31-Dec-23	31-Dec-22	31-Dec-22
S/N	**NAME/POSITION OF DIRECTORS**	**DIRECT**	**INDIRECT**	**DIRECT**	**INDIRECT**
1	Mr. Folasope Aiyesimoju*(Chairman)	Nil	471,343,569	Nil	471,343,569
2	Mrs. Awuneba Ajumogobia** (Chairperson)	Nil	Nil	Nil	Nil
2	Mrs. Bolarin Okunowo Managing Director	Nil	Nil	Nil	Nil
3	Mrs. Udo Okonjo Independent Non-Executive Director	Nil	Nil	Nil	Nil
4	Mrs. Muhibat Abbas Non-Executive Director	Nil	Nil	Nil	Nil
5	Dr. Vitus Ezinwa Non-Executive Director	Nil	Nil	Nil	Nil
6	Mr. Adebolanle Badejo Non-Executive Director	Nil	Nil	Nil	Nil
7	Mrs. Ifeoma Chuks-Adizue Executive Director	Nil	Nil	Nil	Nil
8	Mr. Yomi Adenson Executive Director	Nil	Nil	Nil	Nil
9	Mr. Babs Omotowa Independent Non-Executive Director	Nil	Nil	Nil	Nil

***Mr. Folasope Aiyesimoju is the Group Managing Director of UACN and he indirectly controls the shares of UACN in CAP PLC**
****Mrs. Awuneba Ajumogobia was the Chaiperson till 15 June 2023 when Mr. Folasope Aiyesimoju was appointed the Chairman.**

Report of the Directors - Continued

10 ALTERNATE DIRECTORSHIP

There was no alternate directorship during the year under review.

11 SHAREHOLDING AND SUBSTANTIAL SHAREHOLDERS

The issued and fully paid-up share capital of the Company is N407,373,750 (Four Hundred and Seven Million, Three Hundred and Seventy-Three Thousand, Seven Hundred and Fifty Naira) divided into 814,747,500 (Eight Hundred and Fourteen Million, Seven Hundred and Forty-Seven Thousand, Five Hundred) Ordinary shares of N0.50k each.

In terms of significant shareholding (5% and above), the table below is instructive:

S/N	PARTICULARS OF SHAREHOLDING	NUMBER OF SHARES	PERCENTAGE % OF SHAREHOLDING
1	UAC of Nigeria Plc	471,343,569	57.85

Other than the above, no other shareholder holds 5% and above of the Company's issued shares as of December 31, 2023.

12 RANGE ANALYSIS OF SHAREHOLDING

As at the end of 2023, CAP PLC's shares were held by 16,612 shareholders as analyzed below

Range	No. of Holders	Holders %	Holders Cum.	Units	Units %	Units Cum.
1 - 999	5,111	30.58	5,111	1,667,064	0.2	1,667,064
1000 - 9999	8,918	53.35	14,029	28,958,524	3.56	30,625,588
10,000 - 99,999	2,275	13.61	16,304	62,094,607	7.72	92,720,195
100,000 - 999,999	364	2.18	16,668	91,829,051	11.5	184,549,246
1,000,000 - 9,999,999	43	0.26	16,711	100,898,060	11.91	285,447,306
10,000,000 - 99,999,999	4	0.02	16,715	57,956,625	7.26	343,403,931
100,000,000 - 999,999,999	1	0.01	16,716	471,343,569	57.85	814,747,500
Grand Total	16,716	100.00		814,747,500	100	

13 DIRECTORS' REMUNERATION

CAP PLC ensures that remuneration paid to its directors complies with the provisions of the Code of Corporate Governance issued by its regulators and other relevant laws. In compliance with Principle 16.8 of the Nigerian Code of Corporate Governance 2018, the Company makes disclosures of the remuneration paid to its Directors.

Package	Type	Description	Period
Basic Salary	Fixed	This is part of the gross salary package for the Managing Director and Executive Directors only	Paid monthly during the financial year
Directors' fee	Fixed	This is paid annually to Non-Executive Directors only	Paid in December of the year
Sitting Allowance	Fixed	This is paid to Non-Executive Directors only	Paid after attendance at each meeting
Travel Allowances	Fixed	This is paid to all Directors only	Paid in the first month of the year

14 CORPORATE GOVERNANCE EVALUATION

In line with the provisions of the Nigerian Code of Corporate Governance 2018, an evaluation was carried out to assess the level of the Company's compliance with corporate governance requirements. The exercise was carried out by the Company's Company Secretarial Department. Our corporate governance strategy is aspirational, ensuring ongoing compliance improvements with relevant codes of corporate governance as well as the post-listing requirements of the NGX Regulation Limited.

15 BOARD EVALUATION

To assess the effectiveness of the Board, the Board Committees and of the individual Directors, a Board evaluation was undertaken covering the period of the financial year under review by the Company's Company Secretarial Department. The performance of the Board, Board Committees and individual directors were adjudged to be satisfactory and necessary feedback arising from the exercise was communicated, as appropriate.

Report of the Directors - Continued

16 COMPLAINT MANAGEMENT FRAMEWORK

The Company has a Complaint Management Policy and Framework in place in accordance with the directive of the Securities and Exchange Commission on resolution of complaints. This policy has also been uploaded on the Company's website for public access.

17 INSIDER TRADING AND PRICE SENSITIVE INFORMATION

The Company has a Securities Trading Policy which prohibits the directors and employees from trading in the Company's shares during periods they are in possession of price sensitive information. The Company was in compliance with the Securities Trading Policy during the year under review.

18 WHISTLE BLOWING PROCEDURE

The Company has a Whistle Blowing Procedure which ensures that reports are anonymously received, discretely investigated and a report sent to the Audit Committee.

19 ACQUISITION OF OWN SHARES

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

20 THE NIGERIAN CODE OF CORPORATE GOVERNANCE 2018 AND THE SEC CORPORATE GOVERNANCE GUIDELINES

The Company has complied with the Securities and Exchange Commission's Corporate Governance Guidelines for Public Companies in Nigeria. The Company has substantially complied with the provisions of Nigerian Code of Corporate Governance 2018. The Company has adopted an aspirational approach, where identified gaps continue to be closed to ensure full compliance.

21 HUMAN RESOURCES REPORT

CAP PLC believes its people are its greatest assets therefore makes it a key priority to hire talents based on high standards criteria and competence. Also, the Company upholds a sound culture of providing continuous development and training for its staff to address knowledge gaps and provide new skill sets along the Company's lines of responsibilities. Annually, trainings are identified for staff and followed through in accordance with an approved training plan meant to ensure that this objective is achieved. The Company encourages easy interaction between Management and other staff of the Company so as to foster an atmosphere of warmth at work and also to kindle the necessary synergy required for the Company's success.

22 EMPLOYMENT OF DISABLED PERSONS

The Company adhered to its age-long policy of non-discrimination against disabled persons in 2023. The Company had no disabled person on its payroll as at 31 December, 2023. All employees are treated equally and are given equal opportunities to develop their careers; Disability is not a barrier to promotion or career development in the Company.

23 HEALTH, SAFETY AND WELFARE OF EMPLOYEES

The Company approaches Health, Safety and Welfare issues affecting staff with every sense of seriousness and therefore maintains an insurance health care scheme with Health Maintenance Organizations (HMOs), licensed by the National Health Insurance Scheme (NHIS) to provide health insurance to employees in the private sector. Through this arrangement, each employee, their respective spouses, and dependents below the age of eighteen (18) years are entitled to medical treatments in well-equipped, qualitative network of hospitals under the scheme.

There is also an on-site clinic in the Company's premises where first aid treatment can be administered to ailing staff. Safety regulations are in place within the Company's premises and employees are regularly informed of the regulations.

There are contributory retirement benefit schemes for both management and employees of the Company in conformity with the Pensions Reform Act 2014

The Company is committed to providing a safe working environment for employees, contractors, customers and members of the

Report of the Directors - Continued

HIV/AIDS

The Company does not discriminate against or dismiss any employee on the basis of his or her HIV status. The HIV status and medical records of any individual will be considered and kept as strictly confidential. As much as possible care will be taken to support such individuals by providing counselling and medical support services.

Employee Involvement

CAP PLC is passionate about maintaining an engaged workforce that perceives CAP as a “Great place to work”. To achieve this, an employee engagement survey was conducted in the course of the year to understand areas of focus for employee engagement. The result of the survey is being used to determine engagement actions to keep the workforce highly engaged and motivated.

Training and Staff Development

The Company recognizes the need to invest in the learning and development of its human resources. We believe this is an investment that adds value to the business. We are therefore committed to continuous development of our workforce through on the job learning, coaching and mentoring and training courses and seminars organized internally and externally including overseas courses. Individual needs of each employee are considered in organizing learning and development interventions. Members of staff are also encouraged and assisted financially to embark on self-development schemes to improve themselves both academically and professionally.

Anti-corruption and Business integrity

CAP Plc does not give or receive whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee shall offer, give or receive any gift or payment which is or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management. No employee will be criticized for any loss of business resulting from adherence to these principles. The Company’s accounting records and supporting documents must accurately describe and reflect the nature of the underlying transactions. No undisclosed or unrecorded account, fund or asset will be established or maintained.

A whistle blowing policy has also been put in place to encourage employees at all levels to alert and inform management of any negative development that might impinge on the value, performance and/or image of the Company before any harm is done. Similarly, a corporate fraud policy has been established to facilitate the development of controls which will aid in the detection and prevention of fraud against the company. It is our intention to promote consistent organizational behaviour by providing guidelines and assigning responsibility for the development of controls and conduct of investigations.

24 DONATIONS

The following were given by way of gifts and donations during the year

	2023 DONATIONS	
S/N	**DESCRIPTION**	**AMOUNT**
1	Repainting of Finger of God Orphanage, Lagos. (Paint donation and application, volunteers etc.)	2,283,212
2	Repainting of Royal Diamond Orphanage Lagos (Paint donation and application, volunteers etc.)	1,730,788
	Total	**4,014,000**

	2022 DONATIONS	
S/N	**DESCRIPTION**	**AMOUNT**
1	Repainting of Missionaries of Charity Orphanage, Ketu, Lagos. (Paint Donation and	2,801,853
2	Repainting of Heritage Homes Ophanage, Ikota, Ajah, Lagos (Paint Donation and	2,069,162
	Total	**4,871,015**

25 EVENTS AFTER REPORTING PERIOD

There are no significant events, which could have had a material effect on the state of affairs of the Company as at December 31 2023 that have not been adequately provided for or disclosed in these financial statements.

Report of the Directors - Continued

26 TRADING IN SECURITIES POLICY

Chemical and Allied Products Plc (the Company) has a Securities Trading Policy regulating securities transactions by its directors and other insiders. The Company's Securities Trading Policy complies with the standard set out by the Rules of the Nigerian Stock Exchange are no less stringent than the said standard. The Company's Securities Trading Policy is to generally ensure the board members, employees and its external stakeholders who have knowledge of confidential and potentially price sensitive information are aware of the prohibition imposed by law against using, disclosing (other than in the normal course of the performance of their duties) or encouraging transactions in securities on the basis of such inside information.

In addition to obligations imposed by law, Chemical and Allied Products Plc wants board members, employees and external stakeholders to respect the safeguarding of confidential information and potentially price sensitive information. The Policy has been made available to all stakeholders and is also available on the Company's website. Having made specific enquiry of all directors, the Company confirms that all of its directors have complied with the standards set out in relevant laws as well as the Company's Securities Trading Policy.

27 PROPERTY, PLANT AND EQUIPMENT

Information relating to property, plant and equipment is given in Note 14 to the financial statements. In the opinion of the Directors, the market value of the Company's property plant and equipment is not less than the carrying value shown in the financial statements.

28 AUDITOR

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have indicated their willingness to continue in office as auditors to the Company. In accordance with Section 401(2) of the Companies and Allied Matters Act (CAMA), 2020, therefore, the independent auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed. A resolution will however be proposed authorising the Directors to fix their renumeration.

Dated this 26th day of March, 2024

BY ORDER OF THE BOARD

ARAMIDE NWOKEDIUKO
Company Secretary
FRC/2018/NBA/000000018555

Corporate Governance Report

Introduction

The Board of Chemical and Allied Products PLC ("CAP PLC" or the "Company") is pleased to present the Corporate Governance Report (the "Report") for the 2023 Financial Year. The Report provides insight into the operations of our governance framework and Board's key activities during the year. The Board recognizes that effective governance is a key imperative for strong corporate performance and sustainable success of the Company. It operates on the understanding that sound governance practices are fundamental to earning the trust of stakeholders, which is critical to sustainable growth. The Company's corporate governance framework is designed to align Management's and Board's actions with the interests of shareholders whilst ensuring appropriate balance with the interests of other stakeholders.

Our corporate governance compliance strategy is aspirational. It ensures on-going compliance with relevant codes of corporate governance as well as the post listing requirements of the Nigerian Exchange Group and the NGX Regulation Limited. Our governance model is founded on key pillars of accountability, responsibility, transparency, independence, fairness and discipline. CAP PLC is governed under a framework that enables the Board discharge its oversight functions, provide strategic direction to the Company, take decisions and ensure regulatory compliance.

1 THE BOARD

1.1 General

The Board is responsible for developing the Company's strategy and ensuring that its available assets are utilized towards the attainment of its set strategy and plans. The Board performs supervisory oversight over management activities ensuring that the affairs of the Company are conducted in a manner that increases the value of shareholders' investments and is also beneficial to all other stakeholders of the Company.

In accordance with best practices, the Board comprises of nine (9) Directors made of up six (6) non-executive directors (two of whom are independent), two (2) executive directors and the Managing Director. The Board members are professionals and businesspersons with vast experience and credible track record.

1.2 Appointment Process

The Board appointment process is guided by transparent and high ethical standards. In other words, the process of appointment to the Board of CAP PLC is transparent and in accordance with relevant regulatory laws and guidelines. In compliance with the SEC Corporate Governance Guidelines, the Nigerian Code of Corporate Governance and the Board's policy on process for appointment of directors, the Directors are selected based on their skills, competence, experience and diversity. Upon approval by the Board, the NGX Regulation Limited, and the Corporate Affairs Commission are notified of the appointments of the candidates.

1.3 General Board Philosophy

The Board provides overall guidance and policy direction to Management and acts on behalf of Shareholders in the overall interest of stakeholders and is accountable to the shareholders. It prides itself of people with a blend of experience and knowledge cutting across various lines of the Company.

1.4 Chairman and CEO Positions

In accordance with good corporate governance practices, the positions of the Managing Director and that of the Chairman of the Board are occupied by different persons and while the Managing Director is responsible for implementation of the Company's business strategy and the day-to-day management of the business, the Chairman is not involved in the day-to-day operations of the Company and is not a member of any committee of the Board.

1.5 Non-Executive Directors

The Non-Executive Board members possess strong knowledge of the Company's business and usually contribute actively at Board meetings

1.6 Independent Non-Executive Directors

The Board composition includes two (2) Independent Non-Executive Directors who bring objectivity and independent judgment to Board deliberations. In accordance with the Nigerian Code of Corporate Governance, the continued independence of the Independent Non-Executive Directors is annually ascertained against set criteria.

1.7 Board Changes

The following changes occurred during the year under review:

a. Mrs. Awuneba Ajumogobia retired from the Board as the Chairperson at the Company's Annual General Meeting on June 15, 2023

b. Mr. Folasope Aiyesimoju was appointed as Chairman of the Board on June 15, 2023

c. Mr. Adebolanle Badejo was appointed as an non-executive director with effect from July 21, 2023.

The NGX Regulation Limited, the Securities and Exchange Commission and the Corporate Affairs Commission were notified of these changes.

1.8 Attendance at Board Meetings

The Board meets at least once in every quarter or as frequently as the Board's attention may be required on any situation which may arise. Sufficient notices with clear agenda and reports are usually given prior to convening such meetings.

A total of 100% attendance was recorded at Board meetings in 2023. This displays the Board's strong commitment and unwavering dedication to the Company's affairs whilst ensuring that the Company's best interest is protected.

1.9 Board Meeting Attendance

KEY:
P = Present
LTB = Left the Board
AWA = Absent with Apology
NLM = No Longer a Member
NYAM = Not Yet a Member

A total of five (5) Board Meetings were held in the 2023 Financial Year. The table below shows Directors' attendance at the meetings.

S/N	Members	20/03/2023	19/04/2023	15/06/2023	21/07/2023	20/10/2023	Total number of Meetings attended	Percentage of Attendance
1	Mrs. Awuneba Ajumogobia	P	P	P	LTB	LTB	3	100%
2	Mr. Folasope Aiyesimoju	P	P	P	P	P	5	100%
3	Mrs. Bolarin Okunowo	P	P	P	P	P	5	100%
4	Mrs. Udo Okonjo	P	P	P	P	P	5	100%
5	Mrs. Muhibat Abbas	P	P	P	P	P	5	100%
6	Dr. Vitus Ezinwa	P	P	P	P	P	5	100%
7	Mr. Yomi Adenson	P	P	P	P	P	5	100%
8	Mrs. Ifeoma Chuks-Adizue	P	P	P	P	P	5	100%
9	Dr. Babs Omotowa	P	P	P	P	P	5	100%
10	Mr. Adebolanle Badejo	NYAM	NYAM	NYAM	NYAM	P	1	100%

Corporate Governance Report - Continued

1.10 Board Committees

The Board exercises oversight responsibility through its standing committees, each of which has its own Terms of Reference that clearly defines its purpose, composition, structure, frequency of meetings, duties, tenure and reporting lines to the Board. In line with best practice, the Chairman of the Board is not a member of any committee and the Chairmen of the Committees are appointed by the Board. The Board has three (3) standing committees, namely: the Risk Management Committee, the Remuneration and Governance Committee and the Board Audit Committee. While the various Board committees have the authority to examine issues within their remit and report their decisions and/or recommendations to the Board, the ultimate responsibility for all matters lies with the Board

1.10.1 Risk Management Committee

The Risk Management Committee is responsible for overseeing the efficacy of risk management and the strength and appropriateness of control processes across the Company.

The Committee is constituted as follows:

1	Mr. Adebolanle Badejo ****Member and chairman effective July 21, 2023*	Chairman/Non-Executive Director
2	Mr. Folasope Aiyesimoju ****Member until appointment as Chairman of the Board effective June 17, 2023*	Former Chairman/Non-Executive Director
3	Mrs. Bolarin Okunowo	Member/ Managing Director
4	Mrs. Muhibat Abbas	Member/Non - Executive Director,
5	Mr. Yomi Adenson	Member/Executive Director, Finance
6	Dr. Babs Omotowa	Member/Independent Non-Executive Director

The following are the Committee's terms of reference:

- Oversee the establishment of a management framework that defines the company's risk policy, risk appetite and risk limit and recommend for approval of the Board as well as assist the Board in its oversight of risk management strategy;
- Ensure that the risk management framework is integrated into the day-to-day operations of the business and provides guidelines and standards for administering the acceptance and on-going management of the Company's key risks;
- To review the Company's risk management policies, systems and procedures developed by management and to confirm their consistency with the Company's strategy and business plans;
- To review and assess steps taken by management to manage and mitigate identifiable risks, and review the status of the Company's key risks at every meeting;
- To review the adequacy and effectiveness of the Company's risk management and internal control systems on a regular basis;
- To ensure that the Company undertakes at least once annually a thorough risk assessment covering all aspects of the Company's business and the results of the risk assessment are used to update the Company's risk management framework;
- Review the level of the Company's compliance with applicable laws and regulatory requirements which may impact the Company's risk profile;
- Periodically review changes in economic and business environment which may threaten the Company's business model, key strategies, future performance, solvency and liquidity and make recommendations to the Board as appropriate;
- Review and recommend for approval of the Board, at least annually, the Company's I.T. data governance framework;

- Consider and recommend significant I.T. investments and expenditure for the Company;
- Make recommendations to the Board on capital expenditure, specific projects and their financing, within the overall approved plan;
- Make recommendations on management of Company's cash and debt exposure/borrowings;
- Understand the principal risks to achieving the company's strategy;
- Ensure that business profile and plans are consistent with the Company's risk appetite;
- Assist the Board in overseeing risk management and monitoring the Company's performance with regards to risk management;
- Review the process for identifying and analyzing business level risk;
- Agree and implement risk measurement and reporting standards as well as methodologies;
- Periodically review the key controls, processes and practice, including limit structure;
- Review and challenge all aspects of the Company's risk profile; key risk management practice;
- Periodically evaluate the Company's risk profile, action plans to manage high risks and progress on the implementation of these plans;
- Monitor risk management policies to ensure they are integrated into the Company's culture;
- Review quarterly risk management reports and make recommendation to the Board on appropriate actions;
- Ensure the Company's risk exposures are within approved risk control limits;
- Assess new risk-return opportunities;
- Review the structure for, and implementation of, risk measurement and reporting standards, as well as, methodologies;
- Ensure disclosure of the Company's risk management policies and practices in the annual report;
- Recommend to the Board for approval the authority limits for all Executives (including the Managing Director).

The Committee met four (4) times in 2023 in line with its Terms of Reference and recorded 100% attendance by all its members. The table below shows Directors' attendance at the meetings.

S/N	Members	16/03/2023	17/04/2023	17/07/2023	16/10/2023	Total number of meetings attended	Percentage of Attendance
1	Mr. Folasope Aiyesimoju	P	P	NLM	NLM	2	100%
2	Mr. Adebolanle Badejo	NYAM	NYAM	NYAM	P	1	100%
3	Mrs. Bolarin Okunowo	P	P	P	P	4	100%
4	Mrs. Muhibat Abbas	P	P	P	P	4	100%
5	Mr. Yomi Adenson	P	P	P	P	4	100%
6	Dr. Babs Omotowa	P	P	P	P	2	100%

1.10.2 Remuneration and Governance Committee

The Remuneration and Governance Committee is responsible for overseeing the Company's compliance with corporate governance best practices; developing a process and policy for the appointment of directors; recommending the remuneration of directors and senior management to the Board, examining the Company's human resources policy and practices and making recommendations to the Board on ways of complying with international best practices.

The Committee is constituted as follows:

1. Mrs. Udo Okonjo	Chairperson/Independent Non-Executive Director
2. Dr. Vitus Ezinwa	Member/Non-Executive Director
3. Dr. Babs Omotowa	Member/Independent Non-Executive Director

The following are the Committee's terms of reference:

- Review the structure, size, composition and commitment of the Board at least annually and make recommendations on any proposed changes to the Board;
- Establish a formal and transparent process for Board appointments, including establishing the criteria for appointment to the Board and Board committees, reviewing prospective candidates' qualifications and any potential conflict of interest; assessing the contribution of current Directors against their re-nomination suitability, and making appropriate recommendations to the Board;
- Identify individuals suitably qualified to become Board members and make recommendations to the Board for nomination and appointment as Directors;
- Periodically determine the skills, knowledge and experience required on the Board and its committees;
- Ensure that the Company has a formal program for the induction and training of Directors;
- Undertake the annual assessment of the independent status of each INED;
- Ensure that the Company has a succession policy and plan in place for the Chairman of the Board, the MD/CEO and all other Executive Directors, Non-Executive Directors and senior management positions to ensure leadership continuity. Succession planning should be reviewed periodically, with provision made for succession in emergency situations as well as long-term vacancies;
- Deal with all matters pertaining to executive management selection and performance, including set the performance targets/criteria and evaluate the performance of the Managing Director/CEO and make recommendations to the Board on his performance;
- Develop a process for, and ensure that the Board undertakes, an annual performance evaluation of itself, its committees, the Chairman and individual Directors, as well as the Company's corporate governance practices.
- Ensure the development and periodic review of Board charters, Board committee charters and other governance policies, such as the code of ethics, conflict of interest and whistleblowing policies among others;
- Make input into the annual report of the Company in respect of Directors' compensation;
- Review and make recommendations to the Board for approval on the Company's organizational structure and propose amendments;
- Development of a formal, clear and transparent framework for the Company's remuneration policies and procedures;
- Recommendation to the Board on the Company's remuneration policy and structure for all Directors and senior management employees;

- Reviewing the Company's Human Resources Policy for compliance with international best practises and thereafter recommend same to the Board for approval;
- Advising the Board on all Human Resources related issues which may from time to time be referred to it by the Board;
- To consider such staff matters as may from time to time be referred to it by the Board and Management of the Company.

The Committee met two (2) times in 2023 in line with its Terms of Reference and recorded 100% attendance by all its members. The table below shows Directors' attendance at the meetings.

S/N	Members	15/03/2023	16/10/2023	Total number of meetings attended	Percentage of Attendance
1	Mrs Udo Okonjo	P	P	2	100%
2	Dr Vitus Ezinwa	P	P	2	100%
3	Dr. Babs Omotowa	P	P	2	100%

1.10.3 Board Audit Committee

The Board Audit Committee is tasked with providing assurance to the Board as to the veracity of the financial statements and the strength and appropriateness of control processes across the Company.

The Committee is constituted as follows:

1. Mrs. Muhibat Abbas	Chairperson/Non-Executive Director
2. Mrs. Udo Okonjo	Member/Independent Non-Executive Director
3. Dr Vitus Ezinwa	Member/Non-Executive Director

The following are the Committee's terms of reference:

- To monitor the integrity of the financial statements of the Company and ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practice;
- To review the scope and planning of the Company's audit requirements with the external auditor;
- To review the findings in management letters in conjunction with the external auditor and departmental responses thereon;
- To continuously review the effectiveness of the Company's system of accounting and internal control;
- To make recommendations to the Board with regards to the appointment, removal and remuneration of the external auditors of the Company;
- To authorize the internal auditor to carry out investigations into any activities of the Company which may be of interest or concern to the Committee;
- Exercise oversight over management's processes to ascertain the integrity of the Company's financial statements, compliance with all applicable legal and other regulatory requirements; and assess the qualifications and independence of the external auditors, and the performance of the Company's internal audit function as well as that of the external auditors;

- Ensure the establishment of, and exercise of oversight on the internal audit function which provides assurance on the effectiveness of the internal controls. On a quarterly basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including identification of any issues or recommendations for improvement raised by the most recent internal audit review of the Company;
- Ensure the development of a comprehensive internal audit framework for the Company, obtain appropriate (internal and or external) assurance and report annually in the Company's audited financial report, on the design and operating effectiveness of the Company's internal controls over the financial reporting systems;
- Oversee the process for the identification of fraud risks across the Company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- Discuss the interim or annual audited financial statements as well as significant financial reporting findings and recommendations

  with management and external auditors prior to recommending same to the Board for their consideration and appropriate action;
- Maintain oversight of financial and non-financial reporting;
- Review and ensure adequate whistle-blowing policies and procedures are in place and that the issues reported through the whistle-blowing mechanism are summarized and presented to the Board;
- Develop a policy on the nature, extent and terms under which the external auditors may perform non-audit services;
- Preserve auditor independence by setting clear hiring polices for former employees of external auditors;
- Review the independence of the external auditors in line with the policy referred to above prior to their appointment to perform non-audit services to ensure that where approved non-audit services are provided by the external auditors, there is no real or perceived conflict of interest or other legal or ethical impediment.
- Ensure the development of related party transaction policy and monitor its implementation by management. The Committee should consider any related-party transaction that may arise within the Company.
- At least once every year, the Committee to hold a discussion with the head of internal audit function and the external auditors without the presence of management to facilitate an exchange of views and concerns that may not be appropriate for open discussion.

The Committee met four (4) times in 2023 in line with its Terms of Reference. The table below shows Directors' attendance at the meetings.

S/N	Members	17/03/2023	18/04/2023	19/07/2023	18/10/2023	Total number of meetings attended	Percentage of Attendance
1	Mrs. Muhibat Abbas	P	P	P	P	4	100%
3	Mrs. Udo Okonjo	P	P	P	P	4	100%
4	Dr. Vitus Ezinwa	P	P	P	P	4	100%

2 THE STATUTORY AUDIT COMMITTEE

By virtue of section 404 (2) of the Companies and Allied Matters Act No 3 of 2020, every public company is required to establish a Statutory Audit Committee ("SAC").

In the period under review, the Committee had 5 (five)Members as follows:

1	Prince Bassey Manfred	Chairperson/Shareholder
2	Mr. Anthony Kanayo Katchy	Member/Shareholder
3	Mrs. Samiat Adebanke Odunuga	Member/Shareholder
4	Mrs. Muhibat Abbas	Member/Non-Executive Director
5	Mrs. Udo Okonjo	Member/Independent Non-Executive Director

The profiles of the Shareholder representatives in the SAC are:

1 Prince Bassey Manfred- Chairman

Prince Bassey Manfred is a graduate of Law, Economics and Management Policy Strategy and Evaluation from the University of Calabar and holds a Masters Degree in Economics from University of Calabar and another Masters Degree in Management from the University of Ado-Ekiti. He was the pioneer Assistant General Secretary of Independent Shareholders Association of Nigeria. He is an active investor in the Nigerian Capital Market with holdings in quoted and unquoted companies. He sits on the Board of a number of private companies and is an audit committee member for several public companies in Nigeria.

2 Mr. Anthony Kanayo Katchy- Member

Anthony Kanayo Katchy holds a BSc (Hons) in Economics, from the University of Ibadan, Oyo State, as well as a Masters in Business Administration (MBA) from the University of Benin, Benin-City, Edo State. He is a Chartered Accountant with an Authorized Dealing Clerkship License from the Nigerian Exchange Group (formerly the Nigerian Stock Exchange), and a World Bank Certificate on Funds Disbursement.

Over the course of his career, he has held various positions - as an Investment Manager for Omega Finance & Securities Limited, an Assistant General Manager for Integrated Trust & Investment Limited and a Managing Director for UIDC Securities Limited. These roles serve as a testament to his skills in Financial/Investment Consultancy, Stock Broking, Entrepreneurship Training and Development and Business/Personnel Management Consultancy.

He is currently the Managing Partner of Tony Consulting (Management/Financial/Computer Consultants), and the Managing Director/CEO of Tokacy Investment Services Limited.

3 Mrs. Samiat Adebanke Odunuga- Member

Mrs. Odunuga holds a first degree in Business Administration from Lagos State University, Ojo Lagos State (2008). She had worked as a Teacher at Tees Private School from 1998 to 2002 and later worked with Independent National Electoral Commission, Simpson Street, Lagos in 2012. She is currently working at Livingstone Store. She had obtained training certificates in the following fields – career development and Workplace effectiveness from Skillsedge Consulting Limited, Egbeda Lagos (October 2009). She participated in the workshop on recharge cards printing (December 2009). She also participated in an audit committee training organized by KPMG in 2019.

2.2 Terms of Reference of the Statutory Audit Committee

- ascertain whether the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices;
- review the scope and planning of external audit;
- review the findings as reported through the management controls report and management responses thereon;
- keep under review the effectiveness of the Company's system of accounting and internal control;
- make recommendation to the Board with regards to the appointment, removal and remuneration of the external auditors of the Company;
- authorize the internal auditor to carry out investigations into any activities of the Company, which may be of interest or concern to the Committee.

In addition, the 2011 Securities and Exchange Commission (SEC) Code of Corporate Governance also assigns the following responsibilities to the Statutory Audit Committee:

- To oversee internal audit and internal controls; and to document and review the roles, responsibilities, authority and scope of operations of the internal audit function; approve the annual internal audit plan.

- Assist in the oversight of the integrity of the Company's financial statements, compliance with legal and other regulatory requirements, assessment of qualifications and independence of external auditor and performance of the Company's internal audit function as well as that of external auditors;

- Establish an internal audit function and ensure there are other means of obtaining sufficient assurance of regular review or appraisal of the system of internal controls of the company;

- Ensure the development of a comprehensive internal control framework for the company; obtain assurance and report annually in the financial report, on the operating effectiveness of the company's internal control framework;

- Oversee management's process for the identification of significant fraud risks across the company and ensure that adequate prevention, detection and reporting mechanisms are in place;
- At least on an annual basis, obtain and review a report by the internal auditor describing the strength and quality of internal controls including any issues or recommendations for improvement, raised by the most recent control review of the company;
- Discuss the annual audited financial statements and half yearly unaudited statements with management and external auditors;
- Discuss policies and strategies with respect to risk assessment and management;
- Meet separately and periodically with management, internal auditors and external auditors;
- Review and ensure that adequate whistle-blowing procedures are in place. A summary of issues reported are highlighted to the chairman;
- Review, with the external auditor, any audit scope limitations or problems encountered and management's responses to same;
- Review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors, there is no conflict of interest
- Preserve auditor independence, by setting clear hiring policies for employees or former employees of independent auditors;
- Consider any related party transactions that may arise within the company or group;
- Invoke its authority to investigate any matter within its terms of reference and the company must make available resources, including internal audit and access to external advice where necessary, to carry out this function; and report to the members of the company at annual general meeting and to the Board of Directors, when necessary.

2.3 Attendance at SAC Meetings

In the course of the financial year 2023, the SAC met four (4) times as outlined in the schedule below and recorded 100%

S/N	Members	17/03/2023	18/04/2023	19/07/2023	18/10/2023	Total number of meetings attended	Percentage of Attendance
1	Prince Bassey Manfred	P	P	P	P	4	100%
2	Mr. Anthony Kanayo Katchy	NYAM	NYAM	P	P	2	100%
3	Mrs. Samiat Adebanke Odunuga	P	P	P	P	4	100%
4	Mrs Abigail Olaaje	P	P	NLM	NLM	2	100%
5	Mrs. Muhibat Abbas	P	P	P	P	4	100%
6	Mrs. Udo Okonjo	P	P	P	P	4	100%

3 ACCOUNTABILITY, AUDIT AND CONTROL

3.1 Financial Reporting

The Directors make themselves accountable to shareholders through regular publication of the Company's financial performance and annual reports.

The Board is mindful of its responsibilities and is satisfied that in the preparation of its financial report, it has presented a balanced assessment of the Company's position and prospects in accordance with its obligation under the Code of Corporate Governance.

KPMG Professional Services acted as external auditors to the Company during the 2023 financial year.

3.2 Control Environment

The Company has consistently improved its internal control system to ensure effective management of risks. The Directors review the effectiveness of the system of internal control through regular reports and reviews at Board and Risk and Management Committee Meetings.

The Board has continued to place emphasis on risk management as an essential tool for achieving the Company's objectives. Towards this end, it has ensured that the Company has in place robust risk management policies and mechanisms to ensure the identification of risks and effective controls.

The Board approves the annual budget for the Company and ensures that a robust budgetary process is operated with adequate authorization levels put in place to regulate capital expenditure.

4 COMPANY SECRETARY

The Company Secretary plays a pivotal role in supporting the effectiveness of the Board by assisting the Board and Management to develop good corporate governance practices and culture within the Company. The Company Secretary ensures adequate dissemination of information among Board members and between the Board and the Management of the Company. In furtherance of Board and Committee meetings, the Company Secretary undertakes the preparation of the necessary papers and other documents requisite for the success in deliberations. The Company Secretary is responsible for providing the Board and Directors individually, with detailed guidance as to how their responsibilities should be properly discharged in the best interest of the Company.

The office of the Company Secretary ensures that the Company complies with the relevant regulatory laws including but not limited to the Investment and Securities Act, the Securities and Exchange Commission (SEC) Rules and Regulations, the Securities and Exchange Commission (SEC) Code of Corporate Governance, the Nigerian Code of Corporate Governance, the Factories Act, the Companies and Allied Matters Act, the NGX Regulation Limited Rules and Regulations, amongst others.

The procedure for the appointment and removal of the Company Secretary is a matter for the Board.

5 SHAREHOLDERS

The Company ensures the existence of adequate interaction among the Shareholders, the Management and the Board of the Company. The Company's General Meetings provide Shareholders the platform to contribute to the administration of the Company. Annual General Meetings (AGMs) are held in accessible locations and are open to Shareholders or their proxies. The AGMs are conducted in a manner that facilitates Shareholders' participation in accordance with relevant regulatory and statutory requirements.

The Company encourages Shareholders to attend these meetings by ensuring that notices of meetings and other information required by Shareholders to make informed decisions are dispatched in a timely manner. The office of the Company Secretary additionally affords Shareholders channels of communication to the Board and the Management of the Company.

It is the responsibility of the Shareholders to approve the appointment of Directors and to grant other approvals that are required by law or the Articles of Association of the Company.

The Shareholders through its representatives on the Statutory Audit Committee in line with section 404 of the CAMA and the SEC Code of Corporate Governance also assume responsibility for the integrity of the Company's audited accounts.

6 TRADING IN SECURITIES POLICY

In compliance with the Rules of the Nigerian Stock Exchange, the Company has in place a Securities Trading Policy to guide the Board, Employees, External Advisers and Related Parties on trading in the securities of the Company within the closed period. Under the policy, the closed period is when no Director, employee, external adviser and related party with inside information can trade in the Company's securities. The closed period commences from the end of the financial period in review or 15 days prior to the date of any meeting of the Board of Directors proposed to be held to consider any price sensitive matter or the date of circulation of agenda papers pertaining to a board meeting on any of the said matters, whichever is earlier, up to 24 hours after the price sensitive information is submitted to the exchange via its issuer's portal and disclosed to the public. The trading window shall thereafter be opened.

We hereby confirm that no Director and key management personnel traded in the securities of the Company within the closed period.

7 COMPLAINT MANAGEMENT POLICY

CAP PLC has in place a Complaints Management Policy to handle and resolve complaints from our shareholders and investors. The policy was defined and endorsed by the Company's senior management that is also responsible for its implementation and for monitoring compliance. The policy is on the Company's website at www.capplc.com.

8 CODE OF BUSINESS CONDUCT

CAP PLC has a Code of Business Conduct. The Code forms the basis of the conduct expected of every employee of the Company and reflects our core values and principles. The Board of Directors is responsible for ensuring that the Code is communicated to, understood and observed by all employees.

Report of the statutory Audit Committee

To Members of Chemical and Allied Products Plc,

In compliance with the provisions of Section 404 (7) of the Companies and Allied Matters Act No 3 of 2020 ("CAMA"), we the members of the Statutory Audit Committee of Chemical and Allied Products PLC (the "Company") hereby report that we have exercised our statutory functions under Section 404 (7) of CAMA and acknowledge the cooperation of Management and Staff in the conduct of these responsibilities.

Specifically, we confirm that:

1. The accounting and reporting policies of the Company are in complaince with IFRS Accounting Standards as issued by Interational Accounting Standards Board (IFRS Accounting Standards), the CAMA and the Financial Reporting Council of Nigeria (Amendment) Act, 2023
2. The scope and planning of the external audit for the year ended December 31, 2023 were satisfactory and adequate.
3. The Company maintained effective systems of accounting and internal controls during the year.
4. The Company's Management adequately responded to matters covered in the management report issued by the external auditors.

We deliberated with the external auditors who confirmed that all necessary cooperation was received from Management and that they had issued a clean report in respect of their audit for the year ended December 31, 2023.

Prince Bassey Manfred
Chairman, Statutory Audit Committee
FRC/2021/004/00000022400
Dated : 21 March 2024

Members of the Statutory Audit Committee:

Prince Bassey Manfred	Chairman
Mr. Anthony Kanayo Katchy	Member
Mrs. Samiat Odunuga	Member
Mrs. Muhibat Abbas	Member
Mrs. Udo Okonjo	Member

Statement of Directors Responsibilities in relations to the Financial Statements

The directors accept responsibility for the preparation of the annual financial statements that give a true and fair view in accordance with IFRS Accounting Standard as issued by the International Accounting Standards Board (IFRS Accounting Standard) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and Financial Reporting Council of Nigeria (Amendment) Act, 2023

The directors further accept responsibility for maintaining adequate accounting records as required by the Companies and Allied Matters Act (CAMA), 2020 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The directors have made an assessment of the Company's ability to continue as a going concern and have no reason to believe the Company will not remain a going concern in the year ahead.

Mr. Folasope Aiyesimoju
Chairman
FRC/2019/IODN/00000019806
26 March, 2024

Mrs. Bolarin Okunowo
Managing Director
FRC/2020/003/00000020616
26 March, 2024

Statement of Corporate responsibility for the Financial Statements

a. That we have reviewed the audited financial statements of the Company for the year ended 31 December 2023.

b. That the audited financial statements do not contain any untrue statement of material fact or omit to state a material fact which would make the statements misleading, in the light of the circumstances under which such statement was made.

c. That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 December 2023.

d. That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the companies, during the period end 31 December 2023.

e. That we have evaluated the effectiveness of the Company's internal controls within 90 days prior to the date of audited financial statements, and certify that the Company's internal controls are effective as of that date.

f. That there were no significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective action with regard to significant deficiencies and material weaknesses.

g. That we have disclosed the following information to the Company's Auditors and Audit Committee:
(i) there are no significant deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and

(ii) there is no fraud that involves management or other employees who have a significant role in the Company's internal control

Mrs. Bolarin Okunowo
Managing Director
FRC/2020/003/00000020616
26 March, 2024

Mr Yomi Adenson
Finance Director
FRC/2021/001/00000023429
26 March, 2024

Certification of Management's assessment of Internal Control over Financial Reporting

Certification Pursuant to Section 60 of the Investment and Securities Act, 2007

We, Mrs. Bolarin Okunowo and Mr. Yomi Adenson, certify that:

a. We have reviewed Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2023 of Chemical and Allied Products PLC ("the Company");

b. Based on our knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c. Based on our knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the entity as of, and for, the periods presented in this report;

d. Chemical and Allied Products Plc's certifying officers:

1) are responsible for establishing and maintaining internal controls;

2) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, particularly during the period in which this report is being prepared;

3) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards;

4) have evaluated the effectiveness of the Company's internal controls and procedures as of a date within 90 days prior to the report and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of the end of the period covered by this report based on such evaluation.

e. Chemical and Allied Products Plc's certifying officers have disclosed, based on our most recent evaluation of internal control system, to the Company's auditors and the audit committee:

1) That there are no significant deficiencies or material weaknesses in the design or operation of the internal control system which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

2) That there is no fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control system.

f. Chemical and Allied Products Plc's certifying officers have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Mrs. Bolarin Okunowo	**Mr Yomi Adenson**
Managing Director	Finance Director
FRC/2020/003/00000020616	FRC/2021/001/00000023429
26 March, 2024	26 March, 2024

Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2023

The management of Chemical and Allied Products Plc is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Securities and Exchange Act, 2007 and the Financial Reporting Council (Amendment) Act, 2023.

The management of Chemical and Allied Products Plc assessed the effectiveness of our internal control over financial reporting as of 31 December 2023 using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or in Internal Control—2013 Integrated Framework ("the COSO Framework") and in accordance with the SEC Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act, 2007.

As of December 31, 2023, the management of Chemical and Allied Products Plc did not identify any material weakness.

As a result, management has concluded that, as of December 31, 2023, the Company's internal control over financial reporting was effective.

The Company's independent auditor, KPMG Professional Services, who audited the financial statements included in this Annual Report, issued an unmodified conclusion on the effectiveness of the Company's internal control over financial reporting as of 31 December 2023 based on the limited assurance engagement performed by them. KPMG Professional Services' limited assurance report appears on pages 31 – 33 of the Annual Report.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting that occurred subsequent to the date of our evaluation of the effectiveness of internal control over financial reporting that significantly affected, or are reasonably likely to significantly affect, the Company's internal control over financial reporting.

Mrs. Bolarin Okunowo
Managing Director
FRC/2020/003/00000020616
26 March, 2024

Mr Yomi Adenson
Finance Director
FRC/2021/001/00000023429
26 March, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **Chemical and Allied Products Plc**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Chemical and Allied Products Plc** (the Company), which comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

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 Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for and adequacy of presentation and disclosure of Assets-held for sale in the financial statements	
Key Audit Matter	**How the matter was addressed in our audit**
The Company has a group of assets as held for sale under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*. IFRS 5*Non-current Assets Held for Sale and Discontinued Operations* requires that an asset held for sale is carried at the lower of its carrying amount and fair value less costs to sell. The directors engaged an external expert to estimate the fair value of the assets. The estimation of the fair value involves judgments and assumptions that affect the fair value. The significance of the amounts involved and uncertainties inherent in estimating the fair value makes this a key audit matter.	The following audit procedures were performed among others: • We made inquiries from management and inspected minutes of board of directors' meetings to understand the status of the assets as at year-end. • We obtained relevant documentation supporting the classification of the asset as Held for Sale. We obtained the fair valuation report issued by the expert engaged by the board of directors and assessed the basis of the valuation including key inputs and assumptions • We held discussions with the expert to obtain further insights on the basis of the valuation. • We challenged the basis of the valuation by comparing the fair value with the prices of similar properties in the market and also challenged the depreciation assumption used in the valuation. • We compared the value determined by the expert to the carrying amount of the assets • We considered the appropriateness of the classification and adequacy of the disclosures in the financial statements

Other Information

The Directors are responsible for the other information. The other information comprises the Corporate Information, Financial Highlights, Report of the Directors, Corporate Governance Report, Report of the Statutory Audit Committee, Statement of Directors' Responsibilities in Relation to the Financial Statements, Statement of Corporate Responsibility for the Financial Statements, Certification of Management's Assessment of Internal Control over Financial reporting, Management's Report on the Effectiveness of Internal Control over Financial Reporting, and Other National Disclosures, but does not include the financial statements and our auditor's report thereon. Other information also include Chairman's Statement, CEO's Statement, Retail Outlets, Our Product Offerings, Directors' Profile, Sustainability Report, Corporate Social Responsibility Report, together the "Outstanding report", which are expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the 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 we have obtained prior to the date of this auditor's reportwe 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.

When we read the Outstanding reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of the Directors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 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 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 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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the Statutory Audit Committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020

i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
ii. In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
iii. The Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting

In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of December 31, 2023. The work performed was done in accordance with ISAE 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 28 March 2024. The report is included on pages 31-33 of the annual report.

Signed:

Mohammed M. Adama, FCA
FRC/2012/ICAN/00000000443
For: KPMG Professional Services
Chartered Accountants
28 March 2024
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0293253

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Independent Auditor's Limited Assurance Report

To the Shareholders of Chemical and Allied Products Plc

Report on Limited Assurance Engagement Performed on Management's Assessment of Internal Control Over Financial Reporting

Conclusion

We have performed a limited assurance engagement on whether Chemical and Allied Products Plc's internal control over financial reporting as of 31 December 2023 is effective in accordance with the criteria established by Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that Chemical and Allied Products Plc's internal control over financial reporting as of 31 December 2023 is not effective, in all material respects, in accordance with the COSO Framework and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB) and the Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. Our responsibilities are further described in the "Our responsibilities" section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants *(including International Independence Standards)* issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

Other matter
We have audited the financial statements of Chemical and Allied Products Plc in accordance with the International Standards on Auditing, and our report dated 28 March 2024 expressed an unmodified opinion of those financial statements.
Our conclusion is not modified in respect of this matter.

Responsibilities for Internal Control over Financial reporting
The Board of Directors of Chemical and Allied Products Plc is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management Report on the Effectiveness of Internal Control over Financial Reporting. Our responsibility is to express a conclusion on the Company's internal control over financial reporting based on our assurance engagement.

Our responsibilities
The Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting ("the Guidance") requires that we plan and perform the assurance engagement and provide a limited assurance report on the Company's internal control over financial reporting based on our assurance engagement.

Summary of the work we performed as the basis for our conclusion.
As prescribed in the Guidance, the procedures we performed included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our engagement also included performing such other procedures as we considered necessary in the circumstances. We believe the procedures performed provide a basis for our report on the internal control put in place by management over financial reporting.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Definition and Limitations of Internal Control Over Financial reporting
A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that:

i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

iii. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Furthermore, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Signed:

Mohammed M. Adama, FCA
FRC/2012/ICAN/00000000443
For: KPMG Professional Services
Chartered Accountants
28 March 2024
Lagos, Nigeria

	Notes	2023	2022
		₦'000	₦'000
Revenue	5	23,890,279	19,208,470
Cost of sales	7i	(14,878,476)	(11,594,947)
Gross profit		**9,011,803**	**7,613,523**
Write-back of impairment on trade receivables	18a	31,907	31,443
Selling and Marketing expenses	7iii	(2,363,046)	(1,913,377)
Administrative expenses	7ii	(3,960,948)	(2,886,789)
Other income	6	533,313	251,201
Operating profit		**3,253,029**	**3,096,001**
Finance income	9	681,245	381,765
Finance cost	10	(155,346)	(33,554)
Net Finance income		**525,899**	**348,211**
Profit before taxation		**3,778,928**	**3,444,212**
Income tax expense	11	(1,264,192)	(1,068,004)
Profit for the year		**2,514,737**	**2,376,208**
Other comprehensive income for the year net of tax		-	-
Total comprehensive income for the year		2,514,737	2,376,208
Earnings per share for profit attributable to the equity holders of the company:			
Basic and diluted EPS (kobo)	13	309	292

The accompanying notes to the financial statements form part of these financial statements.

Chemical and Allied Products Plc
Statement of Financial Position
As at 31 December

CAP plc

Assets	Notes	2023 ₦'000	2022 ₦'000
Non-current assets			
Property, plant and equipment	14	1,990,608	1,723,492
Right of use asset	16	7,028	11,206
Intangible assets	15	327,648	394,821
Finance lease receivable	18b	10,372	10,372
		2,335,656	**2,139,891**
Current assets			
Inventories	17	5,019,523	5,100,796
Trade and other receivables	18a	948,385	868,135
Finance lease receivable	18b	-	600
Prepayments	19	1,846,529	1,297,565
Cash and cash equivalents	20	4,996,425	3,761,078
		12,810,862	11,028,174
Non- current assets held for sale	14.2	227,003	238,139
		13,037,865	11,266,313
Total assets		**15,373,521**	**13,406,204**
Liabilities			
Non-current liabilities			
Lease Liability	24	7,959	7,874
Deferred taxation liabilities	23	489,094	328,672
		497,053	336,546
Current liabilities			
Trade and other payables	21	4,141,179	3,350,598
Provision	21	100,254	-
Lease liability	24	-	1,417
Current income tax liabilities	11	1,121,788	922,800
Borrowing	26	39,830	735,110
Dividend payable	12	1,503,710	1,460,132
		6,906,761	6,470,057
Total liabilities		**7,403,814**	**6,806,603**
Equity			
Ordinary share capital	22	407,374	407,374
Share premium	22	523,850	523,850
Other Reserves from business combination		968,267	968,267
Retained Earnings		6,070,216	4,700,110
Equity attributable to equity holders of the Company		7,969,707	6,599,601
Total equity		**7,969,707**	**6,599,601**
Total equity and liabilities		**15,373,521**	**13,406,204**

Mr. Folasope Aiyesimoju	**Mrs. Bolarin Okunowo**	**Mr. Yomi Adenson**
Chairman	Managing Director	Finance Director
FRC/2019/IODN/00000019806	FRC/2020/003/00000020616	FRC/2021/001/00000023429

The financial statements have been approved and authorised for issue by the Board of Directors on 26th March 2024

The accompanying notes to the financial statements form part of these financial statements.

Chemical and Allied Products Plc
Statement of Cash Flows
For the Year Ended 31 December

CAP plc

	Notes	2023 N'000	2022 N'000
Profit after taxation		2,514,737	2,376,208
Adjustments for:			
Depreciation of property plant and equipment	14	418,584	353,875
Depreciation of Right of Use assets	16	4,178	6,178
Amortisation	15	74,943	26,680
Profit on sale of PPE	6	(46,576)	(6,466)
Finance costs	10	155,346	33,554
Finance income	9	(308,121)	(381,765)
Impairment of trade and other receivables		(31,907)	(31,443)
Write back of impairment on financial assets.		-	(28,708)
Write down and write off on inventory	7ii	387,658	60,575
Claims expense	7ii	100,254	-
Write off of obsolete assets		-	5,016
Income Tax expense	11	1,103,770	905,140
Deferred tax expense	23	160,422	162,864
Cash from operations before working capital changes		**4,533,287**	**3,481,708**
Changes in inventory	17	(306,385)	322,851
Changes in trade and other receivables	18(a)	(88,771)	(327,585)
Changes in finance lease receivable		600	2,700
Changes in trade payables	21	755,689	(2,058,002)
Changes in provision	21	100,254	-
Changes in prepayment	19	(548,964)	365,862
Cash generated from operations		**4,445,710**	**1,787,534**
Income taxes paid	11	(864,354)	(447,275)
Net cash generated from operating activities		**3,581,356**	**1,340,259**
Cash flows from investing activities			
Purchase of property plant and equipment	14	(713,267)	(704,409)
Proceeds from disposal of PPE		71,270	10,919
Proceeds from sale of PPE - HFS		14,009	-
Purchase of Intangible Assets	15	(7,770)	(228,437)
Interest received	9	308,121	381,765
Net cash flow used in investing activities		**(327,636)**	**(540,162)**
Cash flows from financing activities			
Dividends paid	12	(1,262,859)	(467,154)
Dividend refunded	12	96,443	160,758
Interest paid	10	(153,918)	(32,247)
Repayment of lease liabilities	24	(2,759)	(1,307)
Addition import finance facility	26	226,958	1,772,369
Repayment on import finance facility	26	(922,239)	(1,043,428)
Net cash flow (used in)/from financing activities		**(2,018,374)**	**388,990**
Net increase in cash and cash equivalents		**1,235,346**	**1,189,087**
Cash and cash equivalents at beginning of period	**20**	**3,761,078**	**2,571,991**
Cash and cash equivalents at end of period	**20**	**4,996,425**	**3,761,078**

The accompanying notes to the financial statements form part of these financial statements.

CAP plc

Statement of Changes in Equity

	Notes	Share Capital ₦'000	Share Premium ₦'000	Other Reserves ₦'000	Retained Earnings ₦'000	Total Equity ₦'000
At 01 January 2022		**394,130**	**19,254**	**968,267**	**3,028,137**	**4,409,788**
Profit for the year					2,376,208	2,376,208
Other comprehensive income						
Total comprehensive income:					2,376,208	2,376,208
Transaction with owners:						
Dividend declared					(984,994)	(984,994)
Scrip dividend	12	13,244	504,596		-	517,840
Write back of stature barred dividend		-	-		280,759	280,759
Balance at 31 December 2022		**407,374**	**523,850**	**968,267**	**4,700,110**	**6,599,601**
Balance at 1 January 2023		407,374	523,850	968,267	4,700,110	6,599,601
Profit for the year					2,514,737	2,514,737
Total comprehensive income:					7,214,847	9,114,338
Transactions with owners:						
Dividend declared					(1,262,859)	(1,262,859)
Write back of stature barred dividend					118,227	
Balance at 31 December 2023		**407,374**	**523,850**	**968,267**	**6,070,216**	**7,851,480**

The accompanying notes to the financial statements form part of these financial statements.

Notes to the Financial Statements

1. General information

1.1 Reporting Entity

Chemical and Allied Products Plc ('the Company') is a company incorporated in Nigeria. The Company is involved in the manufacturing and sale of paints. The address of the registered office is 2 Adeniyi Jones Avenue, Ikeja, Lagos.

The company is a public liability company, which is listed on the Nigerian Exchange domiciled in Nigeria.

The Parent Company is UACN Plc, a Nigerian Company listed on the Nigerian Exchange.

1.2 Basis of accounting

i) Statement of compliance

The financial statements of Chemical and Allied Products Plc have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Standards) and the requirements of the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023. The financial statements, which were prepared on a going concern basis, were authorized for issue by the Company's board of directors on 26 March 2024. Details of the Company's accounting policies, including changes thereto are included in Note 2.

ii) Basis of measurement

The financial statements have been prepared in accordance with the going concern assumption under the historical cost concept except for the following items, which are measured on an alternative basis on each reporting date:

- Non- derivative financial instruments - initially measured at fair value and subsequently at amortised cost.
- Inventory - lower of cost and net realisable value
- Lease liabilities - measured at present value of future lease payments

1.3 Functional and Presentation Currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Naira (N), which is the Company's functional currency. All amounts have been rounded to the nearest thousand unless otherwise indicated.

1.4 Changes in material accounting policies

a. Material accounting policy information

The Company adopted *Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)* from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and made updates to the information disclosed in Note 2 Material accounting policies (2022: Significant accounting policies) in certain instances in line with the amendments.

Notes to the Financial Statements - Continued

2. Material significant accounting policies

2.0 Leases

The Company applies a single recognition and measurement approach for all leases. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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

Company as a lessee

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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

i) Right-of-use assets (ROU)

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

• Land	40 to 99 years
• Shop Space	5years

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (s) Impairment of non-financial assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases.

Notes to the financial statements - Continued

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. This has been recognised as finance lease receivable.

2.1 Foreign currency translation

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within other income or administrative expenses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

Foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income related to financial instruments.

2.2 Property, plant and equipment

Recognition and measurement

The cost of an item of property, plant and equipment is recognised as an asset when:
- it is probable that future economic benefits associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.
An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Subsequent expenditure

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost can be measured reliably. The carrying amount of the replaced cost is derecognised. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Notes to the financial statements - Continued

2.3 Property, plant and equipment (continued)

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

Building on leasehold land	Shorter of useful life and lease terms (40 to 99 years)
Plant and machinery	3 to 43 years
Furniture and fittings	3 to 6 years
Tinting equipment	4 years
Motor vehicles	4 to 6 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Asset under construction are disclosed as Capital Work in Progress and are not depreciated.

Depreciation begins when the asset is available for use and continues until the asset is derecognised, even if it is idle.

Derecognition

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

2.4 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Asset	Useful Life
Trademark	Indefinite
Acquired Computer Software	5years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

Notes to the financial statements - Continued

2.5 Intangible assets (continued)

Acquired Computer Software

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- the directors intend to complete the software product and use it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

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.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed five years.

2.6 Impairment of non-financial assets

Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.
When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Notes to the financial statements - Continued

2.7 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) **Financial Assets**

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

2.7.1 Financial Instruments-initial recognition and subsequent measurement

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified into 1 category:

- Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables, other receivables, loans, cash and cash equivalents and related parties receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes to the financial statements - Continued

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.
When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Further disclosures relating to impairment of financial assets are also provided in the note to Trade receivables Note 18a.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.
ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment using the loss rate model.

For receivables from related parties (non-trade), other receivables and short-term deposits, the Company applies general approach in calculating ECLs. It is the Company’s policy to measure ECLs on such asset on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.
The mechanics of the ECL calculations for receivable from related parties and other non-trade receivables are outlined below and the key elements are, as follows:
• PD- the probability of default is an estimate of the likelihood of default over a given time horizon.

• EAD- the exposure at default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.

• LGD- the loss given default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Notes to the financial statements - Continued

2.7.1 Financial Instruments-initial recognition and subsequent measurement under IFRS 9 - Continued

Write-off policy
The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

ii) **Financial Liabilities** - All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs
The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement
The subsequent measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at amortized cost
These includes trade and other payables, loans payables and borrowings. Trade payables are classified as current liabilities due to their short term nature.

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

Offsetting financial instruments
Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.8 Inventories
Inventories are stated at the lower of cost and estimated net realisable value. Cost is calculated based on the actual cost that comprises cost of direct materials and where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Allowance is made for obsolete items where applicable.

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash at bank and in hand plus short-term deposits. Short-term deposits have a maturity of less than three months from the date of acquisition, are readily convertible to cash and are subject to an insignificant risk of change in value.

Notes to the financial statements - Continued

2.10 Provisions, Contingent liabilities and Contingent assets

Provisions are recognised when:
the Company has a present obligation as a result of a past event
it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cashflows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities
A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are only disclosed and not recognised as liabilities in the statement of financial position. If the likelihood of an outflow of resources is remote, the possible obligation is neither a provision nor a contingent liability and no disclosure is made.

Contingent Assets
A contingent asset is a possible asset that arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

2.11 Share capital

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

The Company has only one class of shares; ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve. The use of the share premium account is governed by Companies and Allied Matters Act (CAMA), 2020. All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

2.12 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. It includes tax payable on current year's profit plus adjustment in respect of previous years.

2.12.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in profit or loss because of items of income or expense that are taxable or deductible in future years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period and is assessed as follows;

- Company income tax is computed on taxable profits
- Tertiary education tax is computed on assessable profits
- Nigeria Police Trust Fund levy is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the Company during the year).

Minimum tax
Minimum tax is payable by companies having no taxable profits for the year or where the tax on profits is below the minimum tax. Minimum tax is calculated by applying 0.5% on Company's turnover.

Notes to the financial statements - Continued

2.12.2 Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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 liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

2.12.3 Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

2.13 Employee benefits

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 contribution schemes

i) Statutory contributions (Note 8): The Pensions Reform Act of 2014 requires all companies to pay a minimum of 10% of employees monthly emoluments and the employee to pay a minimum of 8% of monthly emoluments (basic salary, housing and transport allaowance) to a pension fund on behalf of all full time employees.

The contributions are recognised as employee benefit expenses as services are rendered by employees. The company has no further payment obligation once the contributions have been paid. Employee contributions are funded through payroll deductions.

(b) Productivity incentive and bonus plans

All full time staff are eligible to participate in the productivity incentive scheme. The company recognises a liability and an expense for bonuses and productivity incentive, based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The company recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(c) Termination benefits

Termination benefits are recognised as an expense when it is paid under unvoluntary resignation or when the Company is committed to a formal detailed plan to terminate employment before the normal retirement date.

(d) Short term employee benefits

Short term employee benefit obligations are expensed undiscountedly as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay the amount as a result of past service provided by the employee and or the obligation can be estimated reliably.

Notes to the financial statements - Continued

2. Significant accounting policies

2.14 Revenue From Contracts with Customers (IFRS 15)

The Company is involved in the manufacturing and sale of paints.

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Company has applied IFRS 15 practical expedient to a portfolio of contracts (or performance obligations) with similar characteristics since the Company reasonably expect that the accounting result will not be materially different from the result of applying the standard to the individual contracts. The Company has been able to take a reasonable approach to determine the portfolios that would be representative of its types of customers and business lines. This has been used to categorised the different revenue stream detailed below.

Sale of Paints

The Company manufactures and sells paints and other decoratives. Revenue are recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products. The normal credit term is 30 to 60 days upon delivery. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

The paint is often sold with volume rebates based on aggregate sales over a three months period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated volume rebates. The Company normally transfer the products to the customers premises as part of the sales incentive which is a logistics discount. The logistic discount which is the transport cost paid on behalf of the customer is recognised as a reduction to revenue for the related goods. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price for the sale of paint, the Company considers the existence of significant financing components and consideration payable to the customer (if any).

i) **Variable Consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of paint and other decorative provide customers with a right of return and usage based fees (management fee). The rights of return and usage based fees give rise to variable consideration.

Rights of return

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer, as at 31 December 2023 no performance obligation is outstanding however, we have assessed our revenue as at year end and recognised return assets in the statements of financial position and the corresponding entry was adjusted in the revenue as required by IFRS 15.

Notes to the financial statements - Continued

Customer Usage

The Company has contracts where support staffs are located in the colour centres/shops that belongs to its numerous customers. The fee charged is based on a constant rate on sales made by the customer. The total transaction price of service cost rendered by Company would be variable since the contracts have range of possible transaction prices arising from different volume purchased even though the rate per unit/band is fixed. The Company estimates the variable consideration using the expected value (i.e.., a probability weighted amount) because this method best predicts the amount of consideration.

ii) **Significant financing component**

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Application of paints

The Company provides service of application of paints to its customers. Such services are recognised as a performance obligation satisfied over time. Revenue is recognised by measuring progress using the input method that is labour hours.

Using the practical expedient in IFRS 15 for the application of paints, the Company has elect to recognise revenue based on the amount invoiced to the customer since the Company has a right to consideration from its customer in an amount that corresponds directly with the value to the customer of the Company's performance completed to date.

Contract Balances

Trade Receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Assets and liabilities arising from rights of return

Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

Refund Liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

Cost to obtain a contract

The Company pays sales commission to its employees for each contract that they obtain for sales of paint. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under employee benefits and part of selling and distribution) because the amortisation period of the asset that the Company otherwise would have used is one year or less.

2.15 Fair value measurement

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Notes to the financial statements - Continued

2.15 Fair value measurement - Continued

(a) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(c) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable:

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

In some cases, if the inputs used to measure the fair value of an asset or a liability is categorised in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the basis of determination of fair values are included in Note 27 Financial Instruments - Fair Values and Financial Risk Management

2.16 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.

Dividend not claimed for over a period of 15 months are refunded back to the company and are treated as a liability in the company's financial statements. Dividend that qremain unclaimed for twelve years become statute barred and are wriitten back to retained earnings.

2.17 Earnings per Share

Basic earnings per share is computed by dividing the profit or loss attributable to owners of the Company by the weighted average number of shares outstanding during the period.

Diluted earnings per share is calculated by dividing the profit or loss attributable to the owners of the Company, by the weighted average number of shares outstanding after adjusting for the effects of all dilutive potential ordinary shares.

2.18 Assets held for sale

The Company classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

Notes to the financial statements - Continued

2.19 Prepayment

Prepayments are non-financial assets which result when payments are made in advance of the receipt of goods and services. They are recognised when the Company expects to receive future economic benefits equivalent to the value of the prepayments. The receipt or consumption of the services results in a reduction in the prepayment and a corresponding increase in expenses or assets for that reporting period.

2.20 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Company as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

2.21 Finance income and finance costs

The Company's finance income and finance costs include:

- Interest income
- Interest expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Notes to the Financial Statements - continued

3 Standards and Interpretations effective from 1 January 2024

The following are standards, amendments and interpretations effective for annual period commencing on 1 January 2024 and available for early adoption.

Standard/Interpretation		Date issued by IASB	Effective date Period beginning on or after	Summary of the requirements and impact assessment
Amendments to IAS 1	**Non current Liabilities with Covenants and classifiaction of Liabilities as Current or Non-current Liabilities**	October 2022	1 January 2024	Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the Board has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period. There is limited guidance on how to determine whether a right has substance and the assessment may require management to exercise interpretive judgement. The existing requirement to ignore management's intentions or expectations for settling a liability when determining its classification is unchanged. The amendments also clarify how a Company classifies a liability that includes a counterparty conversion option, which could either be recognised as either equity or liability separately from the liability component under IAS 32 Financial Instruments: Presentation The standard is effective for annual periods beginning on or after 1 January 2024. Early adoption is permitted. These amendments are not expected to have a material impact on the fianacial statements.
Amendments to IAS 16	**Lease Liability in a Sale and Leaseback**	September 2022	1 January 2024	Amendments to IFRS 16 Leases requires a seller-lessee impacts how a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendment also requires the seller-lessee to include *variable lease payments* when it measures a lease liability arising from a sale- and-leaseback transaction. The amendments confirm the following. • On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction. • After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains. A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024. Under IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, a seller- lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of IFRS 16. This means that it will need to identify and re-examine sale-and-leaseback transactions entered into since implementation of IFRS 16 in 2019, and potentially restate those that included variable lease payments. These amendments are not expected to have a material impact on the financial statements.

Amendments to IAS 7 and IFRS 7	**Supplier Finance Arrangements**	May-23	1 January 2024	The amendments apply to supplier finance arrangements that have all the following characteristics. • A finance provider pays amounts a company (the buyer) owes it suppliers. • A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppli- ers are paid. • The company is provided with extended payment terms or supplier benefit from early payment terms, compared with the related invoice payment due date. The amendments do not apply to arrangements for financing receivables or inventory. The amendments introduce two new disclosure objectives- one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, companies also need to disclose the type and effect if non-cash changes in the carrying amount of its financial liabilities that are part of supplier finance arrangement. The amendments also add supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities. Companies needs to start collating additional information to meet the new disclosure requirements because some information may not always be readily available such as the carrying amount of financial liabilities for which suppliers have already received payments from finance providers. Companies may need to obtain this information from their finance providers directly. The amendments are effective for periods beginning on or after 1 January 2024, with early application permitted. However, some relief from providing certain information in the year of initial. These amendments are not expected to have a material impact on the financial statements.
Amendments to IAS 21	**Lack of Exchangeability**	August 2023	1 January 2025	The amendments clarifies: • when a currency is exchangeable into another currency; and • how a company estimates a spot rate when a currency lacks exchangeability. Assessing exchangeability: When to estimate a spot rate A currency is exchangeable into another currency when a company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a company needs to estimate a spot rate. Estimating a spot rate: Meeting the estimation objective A company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate. Therefore, when estimating a spot rate a company can use: • an observable exchange rate without adjustment; or • another estimation technique. Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include: • the nature and financial impacts of the currency not being exchangeable • the spot exchange rate used; • the estimation process; and • risks to the company because the currency is not These amendments are expected to have a material impact on the fianacial statements.

Notes to the Financial Statements - continued

4. Significant judgements and estimates

4.1 Significant estimates

The preparation of financial statement in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. In the process of applying the Company's accounting policies, management has exercised judgment and estimates in determining the amounts recognised in the financial statements. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The areas where judgment and estimates are significant to the financial statements are as follows:

Measurement of ECL allowance for trade receivables

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

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company’s historical credit loss experience and forecast of economic conditions may also not be representative of customer’s actual default in the future. The information about the ECLs on the Company’s trade receivables is disclosed in Note 18a.

Property, plant and Equipment/Intangible assets

Estimates are made in determining the depreciation/amortisation rates and useful lives of these property, plant and equipment. These financial statements have, in the management’s opinion been properly prepared within reasonable limits of materiality and within the framework of the summarised significant accounting policies.(refer to Note 2.4 for further details).

The amortisation period/useful lives of intangible assets also require management estimation.

4.2 Significant judgements

There are ongoing claims against the company which which have been provided for based on directors estimate that is likely to be paid based on legal advice during the financial year.

Notes to the Financial Statements - continued

5. Revenue

Revenue arises from sales of paints and application of paints for various customers. All sales are made in Nigeria.

The Company's revenues are analyzed as follows:

Entity wide information:	**2023**	**2022**
Analysis of revenue:	**₦'000**	**₦'000**
Sale of paint products	23,796,018	19,059,806
Revenue from services	94,261	148,664
	23,890,279	**19,208,470**

6. Other income

	2023	**2022**
	₦'000	**₦'000**
*Sale of scrap items	299,972	95,416
Profit on sale of PPE	43,703	6,466
**Management fees	186,765	149,319
***Profit on sale of PPE - Asset Held for Sale	2,873	-
	533,313	**251,201**

*Sales of scraps relates to income earned from disposal of production waste and statute barred balances now reversed.

**Management fees represent income generated from management services like staffing, branding, etc rendered to the company's key distributors.

***This relates to gain from the sale of asset held for sale in Ewekoro factory

7. Expenses by nature

		2023	**2022**
		₦'000	**₦'000**
7i	**Cost of sales by nature**		
	Raw materials consumed	12,748,211	10,039,526
	Staff costs excluding directors' emoluments (Note 8i)	323,231	263,737
	Distribution cost	551,605	313,819
	Royalty fees	727,270	579,569
	Hire of equipment	62,447	59,028
	Capdec project cost	20,643	56,485
	Depreciation of property, plant & equipment (Note 14)	147,883	150,738
	General risk insurance premium	101,100	46,063
	Direct overheads	196,086	85,982
		14,878,476	**11,594,947**

Notes to the Financial Statements - continued

7ii Administrative expenses by nature

Staff costs excluding directors' emoluments	1,658,551	1,502,958
Directors' emoluments (Note 8iii)	410,012	241,493
*Auditors' fees	27,405	24,000
Depreciation of property, plant & equipment (Note 14)	270,701	203,137
Amortisation of intangible assets (Note 15)	74,943	26,680
Insurance	19,494	4,327
Commercial service fees (Note 25b)	250,201	204,295
Computer charges	228,914	176,867
Cleaning and laundry	21,599	25,891
Security	15,536	15,054
Fuel and Oil Expenses	45,551	54,647
Other Professional/Consultancy Expenses	88,180	72,065
Postage, Printing and Telecoms	25,680	39,665
Donations	4,014	4,871
AGM/Secretariat Expenses	28,820	37,876
Casual wages	116,330	68,029
Bank Charges Paid	18,027	15,862
Subscriptions	14,250	10,956
Warehouse Rent	-	28,592
Write down and write off on inventory	387,658	60,575
Write off of obsolete assets	-	5,016
Impairment of other receivables	(35,482)	(28,708)
Claims expense	100,254	-
Vehicle, legal, recruitment expense and others	190,310	92,640
	3,960,948	**2,886,789**

*During the year, the Company's auditor's, KPMG Professional Services, performed non-audit service related to assurance of the internal control over financial reporting of the Company, which a fee of ₦12 million was paid. This is included in other professional/consultancy expenses

7iii Selling and distribution expenses

Marketing, communication & entertainment	1,388,734	1,141,557
Tour and travelling	112,850	219,102
Redistribution Incentive	58,747	67,173
Sales Incentive	492,871	382,521
*Other expenses	309,844	103,024
	2,363,046	**1,913,377**

***Other expenses**

Vehicles repairs and maintenace	252,385	89,353
Entertainment	58,268	2,672
Dealers reward expenses	(809)	11,000
	309,844	**103,025**

8. Employee benefits

	2023	2022
Staff costs include:		
Wages and salaries	1,886,609	1,843,672
Pension costs:		
- Defined contribution plans (Statutory)	95,173	80,709
	1,981,782	1,924,381

Notes to the Financial Statements - continued

Employee benefits (continued)

Total employee costs recognized in profit or loss:

Costs of sales	323,231	263,737
Administrative expenses	1,658,551	1,660,644
	1,981,782	1,924,381

Particulars of directors and staff

(i) The Company had in its employment during the year the weekly average number of staff in each category below. The aggregate amount stated against each category was incurred as wages and retirement benefit costs during the year.

	2023 ₦'000	2022 ₦'000
Costs		
Management	1,400,321	1,376,747
Staff	902,062	547,633
Total	2,302,383	1,924,380

Number of employees

Numbers	2023 Number	2022 Number
Management	125	118
Staff	139	135
	264	253

(ii) The table below shows the number of employees who earned over ₦700,000 as emoluments in the year and were within the bands stated.

=N=		2023 Number	2022 Number
700,001	1,000,000	10	4
1,000,001	1,400,000	9	29
1,400,001	1,800,000	6	43
1,800,001	2,200,000	35	36
2,200,001	2,400,000	15	16
2,400,001	3,000,000	42	12
3,000,001	4,000,000	35	21
4,000,001	5,000,000	18	24
5,000,001	6,000,000	9	14
6,000,001	8,000,000	31	16
8,000,001	9,000,000	6	10
9,000,001	10,000,000	10	7
10,000,001	16,000,000	18	7
16,000,001	18,000,000	2	1
18,000,001	25,000,000	4	8
30,000,001	40,000,000	6	2
40,000,000	50,000,000	5	1
50,000,001	and above	3	2
		264	253

Notes to the Financial Statements - continued

8. Employee benefits (continued)

(iii) Emoluments of directors

	2023 ₦'000	2022 ₦'000
Fees	1,725	1,725
Passage allowance	87,686	82,082
Other emoluments	320,602	157,686
	410,012	241,493

	2023 ₦'000	2022 ₦'000
(iv) The Chairman's emoluments	19,046	13,464
(v) Emolument of the highest paid director	139,902	70,100

(vi) The table below shows the number of directors of the Company excluding the highest paid director and chairman, whose remuneration, excluding pension contributions, fell within the

₦			2023 Number	2022 Number
0	-	14,000,000	-	6
14,000,001	-	16,000,000	5	-
18,000,001	-	60,000,000	2	1
			7	7

Key management compensation

Key management have been defined as the executive directors.

Key management compensation includes:	2023 ₦'000	2022 ₦'000
Short-term employee benefits:		
- Wages and salaries	314,102	151,186
- Allowance - Executive Directors	6,500	6,500
	320,602	157,686

The above amounts have been included in directors emoluments above.

9. Finance income

	2023 ₦'000	2022 ₦'000
Interest income on short-term bank deposits	308,121	171,008
Interest income on finance lease	3,575	3,300
Exchange gain	369,548	207,457
	681,245	**381,765**

Interest income is calculated using the effective interest rate method

Notes to the Financial Statements - continued

10. Finance Cost

	2023 ₦'000	2022 ₦'000
Lease interest expenses	1,428	1,307
Interest on borrowings	153,918	32,247
	155,346	33,554

11. Taxation

	2023 ₦'000	2022 ₦'000
Current tax		
Nigeria corporation tax charge for the year	985,738	816,009
Education tax	117,108	88,675
Police Trust Fund	189	172
Capital Gain Tax	735	284
	1,103,770	905,140
Deferred Tax Expense - originator of temporary difference	160,422	162,864
Income tax expense	1,264,192	1,068,004

Corporate tax is calculated at 30% (2022: 30%) of the estimated taxable profit for the year while tertiary education tax is calculated at 3% (2022: 2.5%) of the estimated assessable profit for the year.
The deferred tax charges recognized in the year relates to the origination and reversal of temporary difference.

Effective Tax Reconciliation

The tax charge for the year can be reconciled to the profit per the statement of profit or loss as follows:

	2023 ₦'000	2022 ₦'000
Accounting Profit before tax	**3,778,928**	**3,444,212**
Tax at the Nigeria corporation tax rate of 30% (2022: 30%)	1,133,679	1,033,264
Non- Deductible expense	21,520	13,331
Impact of tax exempt income	(5,290)	(8,027)
Capital; Gain Tax	735	172
Police Trust Fund	189	284
Education tax at 3% of assessable profit (2022:2.5%)	113,368	86,105
*Deductible Temporary differences		(57,126)
	1,264,200	**1,068,004**
Effective tax rate	33%	31%

* Relates to recognition of previously unrecognised tax losses

Notes to the Financial Statements - continued

11. Taxation (Continued)

	2023 ₦'000	2022 ₦'000
Current Income tax liabilites		
Balance 1 January	922,800	536,128
Payments during the year:		
Income tax	(775,396)	(381,473)
Education tax	(88,675)	(49,995)
NPF Trust Fund/Capital gains tax	(284)	(15,807)
Total cash payment	**(864,354)**	**(447,275)**
WHT Utilized	(40,427)	(71,194)
	(904,782)	**(518,469)**
Charge for the year:		17,659
Income tax	985,738	816,009
Education tax	117,108	88,675
Capital gain tax	735	284
Police Trust Fund	189	172
	1,103,770	905,140
Balance as at 31 December	1,121,788	922,800

12. Dividend payable -Unclaimed

Amounts recognised as distributions to ordinary shareholders in the year comprise:

	2023 ₦'000	2022 ₦'000
At 1 January	1,460,132	1,323,814
Dividend declared	1,262,859	984,994
*Dividend refunded	96,443	160,758
Payment during the year -cash	(1,262,859)	(467,154)
Payment during the year -scrip dividend	-	(517,840)
Reclassification to trade and other payable (Note 21)	-	256,319
**Reclassification of dividend - Stature barred to retained earnings	(52,865)	(280,759)
At 31 December	1,503,710	1,460,132

*The dividend refunded relates to a recall of dividend deposited with the Registrars which have stayed over and above 18 months.

ii. Dividend declared

Amounts recognised as distributions to ordinary shareholders in the year comprise of the below;

	₦'000	₦'000
At 1 January		
Approved dividend	1,262,859	984,994
Dividend paid as shares		(517,840)
Cash payments during the year	(1,262,859)	(467,154)
At 31 December	-	-

Notes to the Financial Statements - continued

13. Earnings per share

Basic and Diluted

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.

	2023	**2022**
Weighted average number of ordinary shares in issue ('000)	814,748	814,748
Profit attributable to ordinary equity shareholders (₦'000)	2,514,737	2,376,208
Basic earnings per share (kobo)	309	292
	309	292

There were no potentially dilutive shares outstanding at 31 December 2023. Accordingly, basic earnings per share is equal to diluted earnings per share.

Notes to the Financial Statements - continued

14. Property, plant and equipment

14.1 Reconciliation of carrying amount

	Leasehold Land	Buildings on leasehold land	Tinting equipment	Plant and Machinery	Furniture and fittings	Motor vehicles	WIP	Total
Cost	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
At 1 January 2022	1,412	146,135	756,744	997,199	470,479	702,021	-	3,073,990
Additions	-	11,721	155,183	106,989	108,702	319,006	2,808	704,409
Disposals	-	-	(120)	(17,108)	(2,599)	(6,343)	-	(26,170)
Reclassification from asset held for sale	-	-	-	18,299	2,786	-	-	21,085
At 31 December 2022	1,412	157,856	911,807	1,105,379	579,368	1,014,684	2,808	3,773,314
At 1 January 2023	1,412	157,856	911,807	1,105,379	579,368	1,014,684	2,808	3,773,314
Additions	-	49,049	37,602	208,459	107,810	310,348	-	713,267
Disposals	-	-	-	(74,338)	(3,948)	(114,984)	-	(193,270)
*Reclassification	-	-	-	1,231	1,577	-	(2,808)	-
At 31 December 2023	1,412	206,904	949,409	1,240,730	684,807	1,210,048	-	4,293,311
Accumulated depreciation								
At 1 January 2022	-	49,829	563,068	383,790	341,239	361,640	-	1,699,567
Charge for the year	-	2,344	98,889	51,850	55,504	145,288	-	353,875
Disposals	-	-	(120)	(16,055)	(1,319)	(3,066)	-	(20,559)
Reclassifications from asset held for sale	-	-	-	16,103	838	-	-	16,941
At 31 December 2022	-	52,174	661,837	435,688	396,263	503,862	-	2,049,824
At 1 January 2023	-	52,174	661,837	435,688	396,263	503,862	-	2,049,824
Charge for the year	-	3,646	86,772	61,111	76,367	190,689	-	418,584
Disposals	-	-	-	(60,809)	(3,052)	(101,842)	-	(165,703)
At 31 December 2023	-	55,819	748,608	435,990	469,577	592,709	-	2,302,705
Net book values								
At 31 December 2023	1,412	151,085	200,801	804,740	215,230	617,339	-	1,990,608
At 31 December 2022	1,412	105,682	249,970	669,691	183,105	510,822	2,808	1,723,491
At 1 January 2022	1,412	96,306	193,676	613,409	129,240	340,381	-	1,374,423

***Reclassification** - This relates to capital work in progress in 2022 now move to final asset in the current period.

14. Property, plant and equipment (Continued)

a) Leasehold properties have an unexpired tenure of 40 years.
b) The Company had no capital commitments (2022: Nil) and no capital work in progress as at 31 December 2023 (2022: N2.8m).
c) No asset of the Company was pledged as security and there are no restrictions to title on any of the Company's assets (2022: Nil).

14.2 Assets held for sale

Included in the assets acquired from the merger with Portland Paints is a disposal group held for sale. These relate to part of the manufacturing factory situated in Ewekoro, Ogun state.
The disposal group comprise the following assets:

	Leasehold Land	Buildings on leasehold	Plant and Machinery	Furniture and fittings	Total
	N'000	N'000	N'000	N'000	N'000
At 1 January 2022	40,000	148,967	47,466	1,706	238,139
At 31 December 2022	40,000	148,967	47,466	1,706	238,139
At 1 January 2023	40,000	148,967	47,466	1,706	238,139
Disposal	-	-	(9,430)	(1,706)	(11,136)
At 31 December 2023	**40,000**	**148,967**	**38,036**	**-**	**227,003**

An impairment assessment of the assets held for sale was carried out in Dec 2023 with no impairment noted
The assets are still held for sale as at 31 December 2023 as management is committed to completing the sale and has commenced the disposal process.

15. Intangible assets

	Software	Trademark	WIP	Total
Cost of software:	N'000	N'000	N'000	N'000
At 1 January 2022	367,104	49,025	142,059	558,188
Additions	20,762	-	207,675	228,437
Disposal	(367,104)	-	-	(367,104)
*Reclassification	349,734	-	(349,734)	-
At 31 December 2022	370,496	49,025	0	419,521
At 1 January 2023	370,496	49,025	-	419,521
Additions	7,770	-	-	7,769.51
Reclassification	-	-	-	-
At 31 December 2023	378,265	49,025	-	427,290
Amortisation of software:				
At 1 January 2022	361,262	-	-	361,262
Amortisation charge	26,680	-	-	26,680
Disposal	(363,242)	-	-	(363,242)
At 31 December 2022	24,700	-	-	24,700
At 1 January 2023	24,700	-	-	24,700
Amortisation charge	74,943	-	-	74,943
Disposal	-	-	-	-
At 31 December 2023	99,642	-	-	99,642
Net book value				
At 31 December 2023	278,623	49,025	-	327,648
At 31 December 2022	345,796	49,025	-	394,821
At 1 January 2022	5,842	49,025	142,059	196,926

Notes to the Financial Statements - continued

Trademark

The Company's trademark represents the N49 million trade mark purchased from Blue Circle Industries Plc by Portland Paints & Products Plc, and acquired through the merger, which have been adjudged to have an indefinite life. The Trademark is carried at cost, without amortisation, and tested annually for impairment.

The Trademark has been assessed for impairment as part of the annual mandatory impairment testing in line with the requirements of the International Financial Reporting Standards using the value in use method.

As at 31 December 2023, the carrying value of Trademark was lower than their recoverable amount, As a result, no impairment loss on Trademark has been recognized (31 December 2022: Nil).

The recoverable amount of Trademark was determined based on a value in use calculation which uses cash flow projections based on five (5) year projections of current year free cash flows from operations and a weighted average cost of capital (WACC) of 29.3% per annum (2022: 28.7% per annum).

Key Forecast Assumptions

The key inputs and assumptions used in the value in use calculations are as follows.

- Discount rate (WACC): 29.3% per annum (2022: 28.7% per annum)
- Net cash flow: The Net cash flow is based on 4-year forecast using 2023 as the base year.
- Terminal growth rate of 3.1% (2022: 2.9%).

The discount rate was based on computed WACC using the Capital Asset Pricing Model (CAPM). The net cash flows were then discounted using this rate to estimate their present values inclusive of a terminal growth value discounted to its present value thereafter. The terminal growth rate was determined based on the average Gross Domestic Product (GDP) growth rate of Nigeria for the past three (3) Decades.

Revenue growth was projected taking into account the average growth levels experienced over the past five (5) years and the estimated sales volume and price growth for the next four years. It was assumed that sales prices would grow at a constant margin above forecast inflation over the next four years.

The estimated recoverable amounts of the Trademark exceeded their carrying amount in the period under review (2022; same).

Intangible assets amortization charged to income statement amounts to N74.9 million (2022: N26.8 million) and has been included as part of administrative expenses

***Reclassification**

This relates development cost incurred on SAP HANA, the new ERP software which was completed and capitalised in the year 2022

Notes to the Financial Statements - continued

16. Right of Use assets

	Land N'000	Shop Space N'000	Total N'000
Cost			
At 1 January 2022	7,740	30,000	37,740
Additions			
At 31 December 2022	7,740	30,000	37,740
At 1 January 2023	7,740	30,000	37,740
Additions			
At 31 December 2023	**7,740**	**30,000**	**37,740**
Accumulated Depreciation			
At 1 January 2022	356	20,000	20,356
Depreciation charge	178	6,000	6,178
At 31 December 2022	**534**	**26,000**	**26,534**
At 1 January 2023	534	26,000	26,534
Depreciation charge	178	4,000	4,178
At 31 December 2023	712	30,000	30,712
Carrying amount			
At 31 December 2023	7,028		7,028
At 31 December 2022	**7,206**	**4,000**	**11,206**
At 01 January 2022	**7,384**	**10,000**	**17,384**

Right of Use Assets arise from the Company's lease arrangement with Wemabod on the piece of land where the office and warehouse is located for a non cancellable period of 100 years as well as for the joint lease of a retail store/ Dulux Colour Centre with a Trade Partner for a period of five (5) years beginning 1 September 2018.

17. Inventories

	2023 ₦'000	2022 ₦'000
Raw materials	2,064,204	1,673,758
Intermediates	28,676	26,987
Technical stocks and spares	140,790	128,464
Containers and labels	149,637	237,837
Finished goods	3,154,880	3,282,442
Goods in Transit	(0)	15,844
	5,538,187	5,365,331
Write down - Inventory	(518,664)	(264,536)
	5,019,523	**5,100,796**

Inventories have been reduced by N518million (2022: N264.5 million) as a result of bad and damage products. This write-down was recognised as an expense during 2023. The write-downs are included in expenses.

Notes to the Financial Statements - continued

18a Trade and other receivables

Receivables due within one year	2023 ₦'000	2022 ₦'000
Trade receivables	696,003	682,637
Receivables from related parties (Note 25)	627	92
	696,630	682,729
Less: provision for impairment of trade receivables	(72,064)	(103,971)
Net trade receivable	624,565	578,758
*Other receivables	129,278	180,212
Impairment on other receivables	-	(5,938)
Receivable from Pal Pension - Gratuity	122,111	47,114
Financial assets	**875,954**	**800,146**
Withholding tax receivable	99,152	96,578
Impairment of WHT receivable	(65,427)	(94,972)
Vat receivable	0	1,244
**Right of Return asset	38,706	65,139
Non financial assets	**72,431**	**67,989**
	948,385	**868,135**

*Other receivables mainly relates to interest receivable and advance payment to vendors as at period end.

**Right of Return Asset -This is an estimate that have been calculated under the guidelines of IFRS 15 for estimated goods sold which can be returned. The company has applied the 2 years retention policy is constitutes the life-cycle of the product. The return assets is estimated using the historical returns approach, where by the average percentage returns is applied to the cost of sales.

Movements in the provision for impairment of trade receivables are as follows:

	2023 ₦'000	2022 ₦'000
At 1 January	103,971	241,748
Additional impairment reversal for the year	(31,907)	(31,443)
Receivable Write off in the year	-	(106,334)
At 31 December 2023	**72,064**	**103,971**

18b Receivables due after one year, finance lease receivables

	2023 ₦'000	2022 ₦'000
Gross investment in lease	79,200	81,400
Unearned finance income	(68,828)	(70,428)
Net investment in lease	10,372	10,972

Gross investment in lease

Gross finance lease receivable - minimum lease receivable	2023	2022
- No later than 1 year	-	2,200
- 2 to 5 years	8,800	8,800
- More than 5 years	68,200	70,400
	77,000	81,400
Future finance income on lease	(66,628)	(70,428)
Present value of finance lease receivable	10,372	10,972

Notes to the Financial Statements - continued

18b Receivables due after one year, finance lease receivables - Cont

The present value is analysed as follows:		
- No later than 1 year	-	600
- 2 to 5 years	5,910	5,910
- More than 5 years	4,461	4,461
	10,372	**10,972**
Movement		
As at 1 January	10,972	13,672
Reclassification from interCompany receivable	3,300	600
WHT received	(600)	-
Receivable for the year	3,300	-
Payment received	(6,600)	(3,300)
As at 31 December	10,372	10,972

The company has finance lease for a warehouse to a related party, MDS Logistics. The lease is for a total period of 51 years; of this period 37 years remain in the contract. The property reverts to the company at the end of the lease period.

19. Prepayments

	2023 ₦'000	2022 ₦'000
Foreign import prepayment	836,471	1,035,029
Advance payment to vendors	925,128	184,123
Other prepayments	84,930	78,413
	1,846,529	**1,297,565**

Other prepayment mainly relates to prepaid expenses - Insurance, rent, software licences, etc.

20. Cash and cash equivalents

	2023 ₦'000	2022 ₦'000
Cash at bank and in hand	2,353,256	390,220
Short-term deposits	2,643,168	3,370,858
Total	**4,996,425**	**3,761,078**

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

21. Trade and other payables

	2023 ₦'000	2022 ₦'000
Trade payables	1,218,892	680,199
*Royalty accrual	727,270	588,265
	1,946,162	**1,268,464**
Employee Payables	8,220	11,651
Payable to related parties	241,241	310,277
**Accrued expenses	1,116,602	1,179,431
Financial liabilities	**3,312,224**	**2,769,823**
Advance payments received	116,603	-
***Sundry creditors	289,340	135,024
****Statutory Payables	357,419	331,181
*****Refund Liability	65,592	114,570
Non financial liabilities	**828,955**	**580,775**
	4,141,179	**3,350,599**
******Provision	100,254	-

Notes to the Financial Statements - continued

21. Trade and other payables - Cont

	2023	2022
Average credit period taken for trade purchases (days)	30	30

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

*Royalty accrual - This relates to commission payable to AkzoNobel Coatings International B.V. for use of technical license to produce and sell Dulux regular.It represent 5% of net revenue for the sale of Dulux regular.
**Accrued expenses - relates to acruals for incentives to disstributors, staff welfare, marketing expenses and expenases for running the business.

***Sundry creditors - relates advance from customers as at year end.

****Statutory payables - relates to VAT, WHT, PAYE, Pension, NHF payable as at year end.

*****Refund liability - These are estimates that have been calculated under the guidelines of IFRS 15 for estimated goods sold which can be returned. The company has applied the 2 years retention policy as it constitutes the life-cycle of the product. The return liability is estimated using the historical returns approach, where by the average percentage returns is applied to the revenue of 2022 and 2023.

******Provision - This represents liabilities arising on the normal course of the business for which the actual amounts are not certain. The amount is the directors' estimate of an amount that is likely to be paid. The matter is expected to be concluded within the next financial year and accordingly the provision has not been discounted.

22. Share capital

	2023		2022	
	Number '000	Amount N'000	Number '000	Amount ₦'000
Authorised:				
Issued and fully paid:				
Ordinary shares of 50k each	814,748	407,374	814,748	407,374

Movements during the year:	Number of shares '000	Ordinary shares **N'000**	Number of shares '000	Ordinary shares **₦'000**
Balance at 1 January 2023	814,748	407,374	788,260	394,130
Bonus issue	-	-	-	-
Scrip dividend issue	-	-	26,488	13,244
At 31 December 2023	814,748	407,374	814,748	407,374

Additional shares of 26,487,980 issued (N517.8m) under the Scrip dividend scheme in June 2022 have been duly registered with the SEC and NGX. The reported share capital and premium were net of WHT. The shares were issued for N19.55 per share (nominal share value is 50k)

Share premium	**₦'000 2023**	**₦'000 2022**
Balance at 1 January	523,850	19,254
Movement in the period	-	504,596
At 31 December 2023	**523,850**	**523,850**

The share premium reserve is used to recognise the amount above the par value of issued and fully paid ordinary share of the Company. The utilization of the balance on the share premium account is governed by CAMA.

Reserves from business combination	**₦'000**	**₦'000**
Balance at 1 January	968,267	968,267
At 31 December 2023	**968,267**	**968,267**

Notes to the Financial Statements - continued

Reserves from business combination -Cont

Nature and purpose of reserves

In 2021, additional shares were issued to former Portland shareholders who opted for shares consideration. All share capital, premium and reserves from Portland less expenses towards completion of the merger have been captured as other reserves from business combination.

23. Deferred tax

Deferred tax (assets)/liabilities as at 31 December 2023

	Opening Balance	Recognized in profit or loss	Closing Balance
	N'000	N'000	N'000
Property, plant & equipment	423,776	47,994	471,770
Provisions	(208,359)	(41,232)	(249,591)
Exchange difference	112,632	153,269	265,901
Right of use assets (IFRS 16 Leases)	623	390	1,013
Net balance	**328,672**	**160,422**	**489,094**

Deferred tax (assets)/liabilities as at 31 December 2022

	Opening Balance	Recognized in profit or loss	Closing Balance
	N'000	N'000	N'000
Property, plant & equipment	349,818	73,958	423,776
Provisions	(208,221)	(138)	(208,359)
Exchange difference	24,831	87,801	112,632
Right of use assets (IFRS 16 Leases)	(619)	1,242	623
Net balance	**165,809**	**162,864**	**328,672**

No deferred tax was recognised in other comprehensive income during the current and preceeding years and there are no unrecognised temporary differences.

24. Lease Liability

	N'000 2023	N'000 2022
Opening balance	9,291	9,291
Lease interest expenses	1,428	1,307
Lease payment during the year	(2,759)	(1,307)
Balance as at 31 December	**7,959**	**9,291**
Splitting into Current and Non-Current		
Current	-	1,417
Non-Current	7,959	7,873
	7,959	**9,291**
Gross lease liability	49,712	57,492
Interest expense not yet due	(41,752)	(48,201)
Net lease liability	**7,959**	**9,291**
Gross lease liability	.	
Gross lease liability - minimum lease payable		
- No later than 1 year	-	1,307
- 2 to 5 years	5,226	6,533
- More than 5 years	44,486	49,652
	49,712	**57,492**

Notes to the Financial Statements - continued

25. Related party transactions

The immediate and ultimate parent, as well as controlling party of the company is UAC of Nigeria Plc incorporated in Nigeria. There are other companies that are related to CAP Plc through common shareholdings and directorship.

The following transactions were carried out with related parties:

(a) Sales of goods and services

	Relationship	Nature of transaction	Transaction value	
			N'000 2023	**N'000 2022**
UAC of Nigeria Plc	Parent	Sales of paint	1,136	260
UAC Foods Limited	Fellow subsidiary	Sales of paint	192	356
Grand Cereals Ltd	Fellow subsidiary	Sales of paint	3,123	-
Livestock Feeds Plc	Fellow subsidiary	Sales of paint	2,425	-
			6,875	**616**

(b) Purchases of goods and services

	N'000 2023	**N'000 2022**
UAC of Nigeria Plc: Commercial service fee (Note 7)	250,201	204,295
	250,201	**204,295**

(c) Year-end balances arising from sales/purchases of goods/services:

	Relationship		**N'000 2023**	**N'000 2022**
Receivable:				
UAC Foods Limited	Fellow subsidiary	Sales of paint	627	-
MDS Logistics	Fellow subsidiary	Rental	-	692
			627	692
Payable:				
UAC Restaurants	Fellow subsidiary		-	136
MDS Logistics	Fellow subsidiary	Rental	3,015	-
UAC of Nigeria Plc	Parent	Management Service	241,241	310,141
			244,256	**310,277**

(d) Key management compensation

Key management have been determined as directors (executive and non-executive) the Chairman and other senior management that form part of the leadership team. Details of compensation are documented in note 8. There were no other transactions with key management during the year.

Notes to the Financial Statements - continued

26. Borrowing

	2023	2022
Bank facility - Import finance facility b/f	735,111	6,170
Payment made during the year	(922,239)	(1,043,428)
Addition during the year	226,958	1,772,369
Amount outstanding - Import finance facility	**39,830**	**735,111**

Loans and borrowings refer to the import finance facility the Company has which provides better access to dollars at CBN retail rates. The amount outstanding of N39.8m as at 31 December 2023 relates to outstanding interest on Letter of Credit for import shipments received as at 31 December 2023 paid by Coronation Merchant Bank.

Notes to the Financial Statements - continued

27 Financial instruments - financial risk management and fair values

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company’s exposure to each of the above risks, the Company’s objectives, policies and processes for measuring and managing risk, and the Company’s management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company’s risk management framework. The Risks Management Committee of the Board of Directors is responsible for developing and monitoring the Company’s risk management policies.

The Company’s risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company’s activities.

The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or a counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade and other receivables and balances held with banks.

Credit risk is monitored and managed in the Company by the Finance Controller. The Company analyses the credit risk for each of her new clients before standard payment and delivery terms and conditions are offered. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, the Company utilises the institutions that have sufficient reputational risk but do not strictly monitor their formal ratings . In addition the Company monitors its exposures with individual institutions and has internal limits to control maximum exposures. Credit terms are set with customers based on past experiences, payment history and reputations of the customers. Sales to retail customers are settled in cash, while only agents and corporate customers are given credits based on limits set by the Board, typically 30 days.

No credit limits were exceeded during the reporting period, and management does not expect material losses from non-performance by these counterparties.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2023 N'000	2022 N'000
Trade and other receivables* (Note 18)	914,660	800,146
Lease receivable (Note 24)	10,372	10,972
Cash and cash equivalents (Note 20)	4,996,425	3,761,078
	5,921,457	**4,572,196**

*Non-income tax receivables are not financial instruments and therefore have been excluded from trade and other receivables

Notes to the Financial Statements - continued

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the factors that may influence the credit risk of its debtor base, including the default risk of the industry in which the debtors operate.

The Company has adopted a policy of only dealing with creditworthy counterparties and credit limits are set, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The Company does not consider any credit risk on its interest income receivable as it represents interest accrued to date on its term deposits yet to mature at year end held by financial institutions.

Expected credit loss assessment for Trade Receivables

The Company uses an allowance matrix to measure ECLs of trade receivables from its 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. Loss rates are based on actual credit loss experience. These rates are multiplied by scalar factors to reflect differences between the economic conditions during the period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected life of the receivables.

The ageing of trade receivables at the reporting date including those that were past due but not impaired was as follows:

As at 31 December 2023	**Average loss rate**	**Gross**	**Impairment**	**Net**
		N'000	**N'000**	**N'000**
Current (not due)	5%	641,444	31,082	610,362
61-90 Days (past due)	31%	13,872	4,312	9,560
91-120 Days (past due)	46%	3,235	1,486	1,749
121-365 Days (past due)	70%	9,662	6,768	2,894
Over 365 days (past due)	100%	28,417	28,417	-
		696,630	**72,064**	**624,565**

As at 31 December 2022	**Average loss rate**	**Gross**	**Impairment**	**Net**
		N'000	**N'000**	**N'000**
Current (not due)	5%	526,275	26,426	499,849
61-90 Days (past due)	31%	63,742	19,813	43,928
91-120 Days (past due)	46%	32,678	15,012	17,667
121-365 Days (past due)	70%	57,489	40,267	17,222
		680,184	**101,518**	**578,665**

Cash and cash equivalents

The Company held cash and cash equivalents of N4.94 billion as at 31 December 2023(2022: N3.761billion). The Company mitigates its credit risk exposure of its bank balances by selecting and transacting with reputable banks. The expected credit loss on bank balances is not considered material. Accordingly no impairment loss was recognised (2022:Nil).

Notes to the Financial Statements - continued

(b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity Analysis

The following are the contractual maturities of financial liabilities as at reporting date, including estimated interest payments and excluding the impact of netting agreements.

31 December 2023

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5years	Over 5years
	N'000	N'000	N'000	N'000	N'000	N'000
Non-derivative financial liabilities						
Trade and other payables *(Note 21)	3,783,760	3,783,760	(3,783,760)	-	-	-
Lease liability (Note 24)	7,959	49,712	-	-	(5,226)	(44,486)
Import finance facility (Note 26)	39,830	39,830	-	-	-	-
Dividend payable (Note 12)	1,503,710	1,503,710	-	-	-	-

31 December 2022

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-5years	Over 5years
	N'000	N'000	N'000	N'000	N'000	N'000
Non-derivative financial liabilities						
Trade and other payables * (Note 21)	2,904,848	2,904,848	(2,904,848)	-	-	-
Lease liability (Note 24)	9,291	57,492	(653)	(653)	(6,533)	(49,652)
Import finance facility (Note 26)	735,110	735,110	-	-	-	-
Dividend payable (Note 12)	1,460,132	1,460,132	-	-	-	-

*Statutory payables and refund liability are not financial instruments and have therefore been excluded from trade and other payables.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currency in which sales and purchases are denominated and the respective functional currency of the Company. The functional currency of the Company is primarily the Naira. The currencies in which purchases and other transactions are denominated are United States Dollar (USD), South African Rand (ZAR) and Euro (EUR). The currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign exchange rates.

In respect of monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying foreign currencies at spot rates or entering into forward contracts when necessary to address short term imbalance.

Notes to the Financial Statements - continued

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the Management of the Company based on its risk management policy was as follows:

	2023				2022		
	GBP	USD	ZAR	EURO	GBP	USD	ZAR
In thousands							
Financial Assets							
Cash and cash equivalents	6	1,813	-		7	1,625	-
Trade and other receivables	-	-	-		-	165	-
Financial Liabilities							
Trade and other payables	(3)		(555)	(30)	-	(14)	(689)
Net exposure	3	1,813	(555)	(30)	7	1,776	(689)

	Average rate		Year end spot rate	
	2023	2022	2023	2022
USD	659.29	426.91	907.11	461.50
EURO	687.70	466.30	1005.44	493.07
GBP	823.69	557.67	1156.14	556.02
ZAR	36.14	26.90	49.00	26.48

Sensitivity analysis

A reasonably possible strengthening of the Naira, against the ZAR, the USD, the GBP and the Euro would have affected the measurement of financial instruments denominated in foreign currency and decreased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Company considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast sales and purchases.

	2023	2022
Effect in thousands	**Increase in Profit or (loss) N'000**	**Increase in Profit or (loss) N'000**
USD (At 10% strengthening of the naira)	164,503	81,965
EURO (At 10% strengthening of the naira)	(55,798)	(33,959)
GBP (At 10% strengthening of the naira)	393	368
ZAR (At 10% strengthening of the naira)	34	103

A 10 percent weakening of the Naira against the above currencies at the reporting date would have had the equal but opposite effect to the amounts shown above.

Interest rate risk

The Company adopts a policy of ensuring that 80-90% interest rate risk exposure is at fixed rate. This is achieved by entering into fixed rate instruments.

Interest rate risk comprises interest price risk that results from investing at fixed rates and the interest cashflow risk that results from investments at variable rates. The Board of Directors is responsible for setting the overall duration and interest management targets. The Company's objective is to manage its interest rate exposure through careful investment profiling and use of heterogeneous investment sources.

Notes to the Financial Statements - continued

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows:

	Nominal amount	
	2023	**2022**
	N'000	**N'000**
Fixed rate instruments		
Short-term deposits (Cash and cash equivalent Note 20)	1,961,400	2,738,229
Variable		
Short-term deposits (Cash and cash equivalent Note 20)	681,769	632,630

The Company does not account for the short term fixed deposit financial assets at FVTPL, therefore a change in interest rates at the reporting date would not affect profit or loss. The variable financial assets are short term with daily changes to the interest rate and approximates fair value, hence changes in interest rate will not have a significant impact on the profit or loss at the reporting date.

Capital management

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

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

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (lease liability and import finance facility) . Total equity is calculated as 'equity' as shown in the statement of financial position.

The Company's debt to adjusted capital ratio at the end of the reporting period was as follows:

	2023	**2022**
	N'000	**N'000**
Total liabilities (import finance facility and lease liability)	47,789	744,401
Less: cash and cash equivalents (Note 20)	(4,996,425)	(3,761,078)
Adjusted net debt	**(4,948,636)**	**(3,016,677)**
Total equity	6,599,601	4,409,788
Net debt to equity ratio (%)	**(45.71)**	**(57.97)**

Notes to the Financial Statements - continued

Account classification and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. There were no transfers between levels during the reporting period.

	2023	Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial assets at amortized cost	N'000	N'000	N'000	N'000
Trade and other receivables* (Note 18)	914,660	-	-	-
Lease receivable (Note 24)	10,372	-	54,256	-
Cash and cash equivalents (Note 20)	4,996,425	-	-	-
	5,921,457		54,256	

	2023	Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial liabilities at amortized cost	N'000	N'000	N'000	N'000
Trade and other payables* (Note 21)	3,783,760	-	-	-
Lease liability (Note 24)	7,959	-	45,766	-
Import finance liability (Note 26)	39,830	-	-	-
Dividend payable (Note 12)	1,503,710	-	-	-
	5,335,259		45,766	

	2022	Fair value		
	Carrying amount	Level 1	Level 2	Level 3
Financial assets at amortized cost	N'000	N'000	N'000	N'000
Trade and other receivables* (Note 18)	800,146	-	-	-
Lease receivable (Note 24)	10,972	-	63,479	-
Cash and cash equivalents (Note 20)	3,761,078	-	-	-
	4,572,196		63,479	

	2022	Fair value		
Financial liabilities at amortized cost	Carrying amount	Level 1	Level 2	Level 3
	N'000	N'000	N'000	N'000
Trade and other payables* (Note 21)	5,664,919	-	-	-
Lease liability (Note 24)	9,291	-	62,503	-
Import finance liability (Note 26)	6,170	-	-	-
Dividend payable (Note 12)	1,323,814	-	-	-
	7,004,194		**62,503**	

*Trade and other payables exclude statutory payables and refund liability while trade and other receivables exclude non-income tax receivables.

Trade and other receivables, cash and cash equivalents, trade and other payables, import finance liability, and dividend payables are short term financial instruments. Accordingly, directors believes that their fair values are not expected to be materially different from their carrying values due to their short term nature and consequent immaterial impact of discounting. Accordingly no further fair value disclosures are made. The Company does not carry any financial assets or financial liabilities at fair values through profit or loss.

The basis for determining fair values is disclosed in Note 3 and the rate used to determine the fair value is 1.17%

28 Contingent liabilities

The Company is involved in litigation suits in the ordinary course of business. For one of this case, the company has made a provision of N100m, this is the claim by a third party on the normal course of the business. The matter is currently at arbitration. The money provided is the directors estimate that is likely to be paid based on legal advice on the conclusion of the matter. The matter is expected to be concluded within the next financial year and accordingly the provision has not been discounted.

Also the Company undergoes periodic tax regulatory reviews in the normal course of business. There are no contingent liabilities with respect to litigation from the tax regulatory reviews against the Company as at year end (2022: Nil).

29 Non-audit services and fee

There was non-audit service (internal control over financial reporting engagement) fee earned by KPMG Professional Services during the year

30 Events after the reporting period

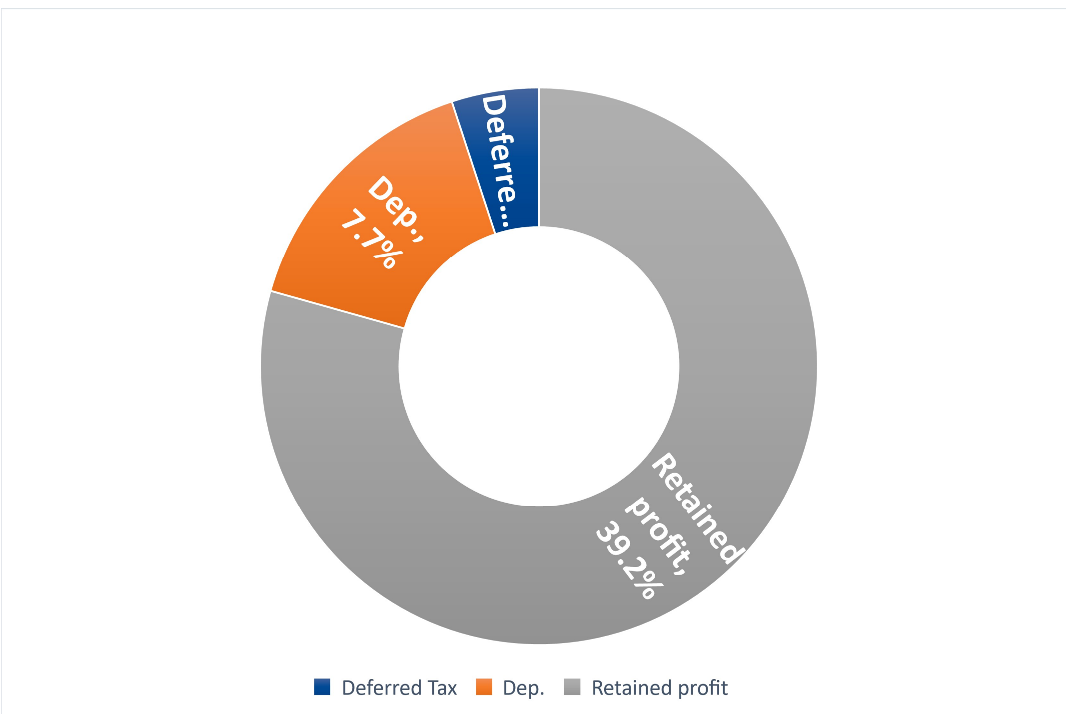
There are no events which could have had a material effect on the financial position of the Company as at 31 December 2023 and its financial performance for the year then ended that have not been adequately provided for or disclosed in these financial statements.

Other National Disclosures

Value Added Statement

	2023 N'000	%	2022 N'000	%
Revenue	23,890,279		19,208,470	
Finance and Other income	377,967		632,966	
Bought in materials and services				
Local	(12,501,064)		(9,841,115)	
Imported	(5,357,599)		(4,217,621)	
Value Added	**6,409,584**	**100**	**5,782,701**	**100**
Applied as follows:				
To pay employees as				
salaries, wages and other benefits	1,981,782	30.9	1,924,381	33.3
To pay government as taxes	1,103,770	17.2	905,140	15.7
To pay providers of capital as interest	155,346	2.4	33,554	0.6
Retained for replacement of assets and business growth:				
Deferred taxation	160,422	2.5	162,863	2.8
Depreciation and amortization	493,527	7.7	380,555	6.6
Profit attributable to members	2,514,737	39.2	2,376,208	41.1
Value Added	**6,409,584**	**100**	**5,782,701**	**100**

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



Five-Year Financial Summary

	2023 N'000	2022 N'000	2021 N'000	2020 N'000	2019 N'000
Assets Employed					
Property, plant and equipment	1,990,608	1,723,492	1,374,421	837,828	859,617
Right of use asset	7,028	11,206	17,384	23,562	6,067
Intangible assets	327,648	394,821	196,926	4,210	7,542
Finance lease assets	10,372	10,372	10,372	8,766	8,768
*Net current assets	6,131,104	4,796,256	2,984,368	3,035,980	1,809,780
	8,466,760	6,936,147	4,583,471	3,910,346	2,691,774
Lease liability	(7,959)	(7,874)	(7,874)	(7,876)	(5,334)
Deferred taxation	(489,094)	(328,672)	(165,809)	(157,662)	(164,756)
	7,969,707	6,599,601	4,409,788	3,744,808	2,521,684
Funds Employed					
Share capital	407,374	407,374	394,130	350,000	350,000
Share premium	523,850	523,850	19,254	19,254	19,254
Reserves	968,267	968,267	968,267	-	-
Retained earnings	6,070,216	4,700,110	3,028,137	3,375,554	2,152,430
	7,969,707	6,599,601	4,409,788	3,744,808	2,521,684
Revenue	23,890,279	19,208,470	14,207,818	8,876,191	8,410,650
Profit before taxation	3,778,928	3,444,212	1,727,498	1,805,738	2,545,735
Taxation	(1,264,192)	(1,068,004)	(604,915)	(582,614)	(803,647)
Profit for the year attributable	2,514,737	2,376,208	1,122,582	1,223,124	1,742,088
Interim dividend	-	-	-	-	-
Profit retained	2,514,737	2,376,208	1,122,582	1,223,124	1,742,088
Per 50k share data (kobo)					
Earnings per share- Basic	309	292	151	175	249
Earnings per share- Adjusted	309	292	151	175	249
Dividend per share- Basic	-	-	-	-	-

Notes

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

* Net current assets includes assets held for sale