McNICHOLS CONSOLIDATED PLC

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST DECEMBER, 2023

Prepared by:

GBENGA BADEJO & CO
(CHARTERED ACCOUNTANTS)

McNICHOLS CONSOLIDATED PLC

Financial Statements

For the year ended 31st December, 2023

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McNICHOLS CONSOLIDATED PLC

Board of Directors, Officers and Other Corporate Information

BOARD OF DIRECTORS:

Mr. Olusegun Layode	Non-Executive Director and Chairman
Mr. Chimaraoke Ekpe	Managing Director/Chief Executive Officer
Venerable Onyebuchi Agubesi	Non-Executive Director
Mrs. Nneka Briggs	Non-Executive Director
Mr. Nzeakor Atulomah	Independent Non-Executive Director
Mrs. Hilda Nkor	Independent Non-Executive Director

COMPANY SECRETARIES	S.E. Nomuoja & Co. (Chartered Secretaries & Administrators) 12B, Fagba Cresent, Off Acme Road Agidingbi, Ikeja Lagos.
REGISTERED OFFICE	No. 7, Jeminat Laalu Street Arepo, Near Journalist Estate KM 32, Lagos-Ibadan Expressway Ogun State.
REGISTRARS	Coronation Registrars Limited 9, Amodu Ojikutu Street Victoria Island Lagos.
INDEPENDENT AUDITORS	Gbenga Badejo & Co. (Chartered Accountants) Plot 8A, Ajumobi Olorunoje Street Off Acme Road Ikeja Lagos.
BANKERS	Access Bank Plc Fidelity Bank Plc United Bank for Africa Plc Wema Bank Plc Zenith Bank Plc
REGISTRATION NUMBER	RC: 509201

McNICHOLS CONSOLIDATED PLC

Results at a Glance
For the year ended 31st December, 2023

	Year 2023 ₦	Year 2022 ₦
Turnover	1,594,612,866	834,017,681
Operating profit	38,563,091	22,763,561
Profit before tax	46,330,516	25,568,647
Taxation	10,264,716	5,807,460
Deferred taxation	(8,543,198)	6,888,976
Profit for the year	27,522,602	34,270,653
Capital employed	591,649,477	380,435,700
Capital expenditure	78,534,750	5,492,155
Depreciation and impairment of property, plant and equipment	39,286,481	36,672,968
Cash and cash equivalents	283,927,749	94,227,677
Earnings per share (Kobo)	2.46	4.77
Net Assets per share (Naira)	0.53	1.10
Nigerian Exchange Limited share price at 31st December (Naira)	0.84	0.77
Ratio % Revenue		
Operating costs	97.59%	97.27%
Operating profit	2.42%	2.73%
Profit after tax	1.73%	4.11%

Report of the Directors-Including Corporate Governance & Sustainability Reports

The Directors submit their Report together with the audited financial statements for the year ended 31 December 2022, which disclose the state of affairs of the Company.

Incorporation
McNichols Consolidated Plc was incorporated in Nigeria on the 26th of April, 2004 as a limited liability company and commenced business in April 2005. It became a public limited liability company on the 1st of July, 2008. The company was listed on the Nigerian Exchange Limited on the 18th of December, 2009. The company was migrated to the growth Board of the Nigerian Exchange Limited on the 30th of November 2020.

Principal activities
The Company is principally involved in the manufacture, processing, packaging and marketing of food and beverage products. The Company has also invested in a restaurant (Pancake House) for the purpose of supporting and promoting its manufactured products. It has its manufacturing plant at Arepo on Lagos-Ibadan Expressway, Ogun State.

Results
The results for the year are summarized as follows:

	₦
Revenue	1,594,612,866
Operating profit	38,563,091
Profit before tax	46,330,516
Profit for the year	27,522,602
Proposed dividend	22,335,862

Dividend
The Directors recommend to the shareholders, payment of a dividend in respect of the year ended 31 December, 2023, of ₦22,335,862 that is, 2 Kobo gross per share which is subject to the deduction of appropriate withholding tax.

Corporate Governance Report
McNichols Consolidated Plc operates within a Corporate Governance framework established on the following:

Companies and Allied Matters Act 2020
The Rule Book of the Nigerian Exchange Limited for the time being in force
The Investment and Securities Act 2007
Securities and Exchange Commission (SEC) Rules for the time being in force
The SEC Code of Corporate Governance for Public Companies 2011 as amended
The Memorandum and Articles of Association of McNichols Consolidated Plc

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Report of the Directors (continued)

The McNichols Business Principles and Policies

From the above, the Corporate Governance policy of McNichols Consolidated Plc can be summed up as follows:

We are committed to internationally recognized best practices in Corporate Governance in our operations. We provide timely, regular and reliable information on our activities, structure, financial situation and performance to our shareholders and other stakeholders.

We conduct our operations with honesty, integrity and openness and with respect for the human rights and interests of the employees.

We shall similarly respect the legitimate interests of those with whom we have relationships.

McNichols Consolidated Plc shall comply with the laws and regulations of the Federal Republic of Nigeria.

Compliance with the above principles is an essential element in our business success and all employees and business partners of McNichols are mandated to comply with the above principles.

During the year 2023, McNichols Consolidated Plc. complied with all the mandatory provisions of the Securities and Exchange Commission Code of Corporate Governance for public companies 2011 together with the requirements of other good corporate governance standards listed above.

Board composition

The Directors who held office during the year 2023 and up to date of this report are:

Mr. Olusegun Layode	Non-Executive Director and Chairman
Mr. Chimaraoke Ekpe	Managing Director/Chief Executive Officer
Venerable Onyebuchi Agubesi	Non-Executive Director
Mrs. Nneka Briggs	Non-Executive Director
Mr. Ozurumba Afigbo	Independent Non-Executive Director
Mrs. Hilda Nkor	Independent Non-Executive Director
Mr. Nzeakor Atulomah	Independent Non-Executive Director

Board responsibillities

The Board has the final responsibility for management, direction and performance of the company and has the powers, authorities and duties vested in it by the relevant laws and regulations of the Federal Republic of Nigeria and the Articles of Association of McNichols Consolidated Plc.

Report of the Directors (continued)

The Board has overall responsibility for the management of risk and for reviewing the effectiveness of the internal control and risk management system within the Company. The Board has delegated to the Chief Executive Officer / Managing Director all its powers, authorities and discretions which relate to the day to day operations of McNichols Consolidated Plc.

The Directors of McNichols Consolidated Plc are responsible for the preparation of the financial statements that give a true and fair view of the financial position of the Company as at 31 December 2022, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria, the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:
Proper selecting and applying of accounting policies;
Presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
Providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
Making an assessment of the Company's ability to continue as a going concern;
Designing, implementing and maintaining an effective and sound system of internal controls throughout the Company;
Maintaining adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements of the Company comply with IFRS;
Maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
Taking such steps as are reasonably available to them to safeguard the assets of the Company; and
Preventing and detecting fraud and other irregularities.

The powers, authorities and discretions exclusively for the Board and which currently have not been delegated include making or approving the following:

Structural and constitutional powers
Alteration of Articles of Association
Alteration of the capital of the Company

Governance
Convening of meetings of the shareholders of McNichols Consolidated Plc. and the setting of the agenda thereof and generally ensuring that a satisfactory dialogue with shareholders takes place.
Presentation of the annual report and financial statements to shareholders.

Report of the Directors (continued)

Reviewing and approving proposals from the Remuneration Committee.
Proposals to the general meetings of shareholders of McNichols plc on the Board remuneration policy within the authority set by the general meeting of shareholders.
The reviewing of the functioning of the Board and its committees.
Overall responsibility for compliance with all relevant laws, regulations and codes.

Effectiveness of internal control system
The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the assets of the Company. The system of internal control is to provide reasonable assurance against material misstatement, prevent and detect fraud and other irregularities. There is an effective internal control and audit function within the Company which gives reasonable assurance against any material misstatement or loss. The responsibilities include oversight functions of internal audit and control risk assessment and compliance, continuity and contingency planning, and formalization and improvement of the Company's business processes.

Board appointment and evaluation process
McNichols Consolidated Plc appoints Directors in line with its Board recruitment process which devolves from its code of Business Principles. The basic principle underlining the process of recruitment of Directors in McNichols Plc are the qualification, ability and skills required for the role and the ability to make visible and independent (as applicable) contribution to the governance of McNichols Consolidated Plc in accordance with strategy and local legal requirements.

McNichols Consolidated Plc provides the right atmosphere for its Directors to exhibit leadership and enhance their capabilities. The company further provides relevant governance information to its Directors and facilitates circulation of
essential governance documents to the Board from time to time to keep them updated on legal, regulatory and corporate governance trends.

In line with McNichols Plc governance standards and in compliance with SEC Code of Corporate Governance, the Board of McNichols Consolidated Plc. opted for an internal evaluation exercise in respect of period ended 31 December 2023 to review the performance of the Board. The Evaluation Report show that McNichols governance procedure and practices during the year ended 31 December 2023 were in compliance with the provisions of applicable laws, regulations, corporate governance Code and international best practices.

Board Committees
In line with the code of Best Practices in Corporate Governance, the Board of Directors works through the following committees:

Report of the Directors (continued)

The Remuneration Committee

The responsibility of the committee is mainly to recommend a competitive remuneration package for the executive management and the Board. In doing this, the committee considers the need to maintain both internal and external competitiveness. It is also the responsibility of the committee to ensure the remunerations paid to the employees of the company are adequate and commensurate with performance. The Committee is also charged with instituting a transparent procedure for the appointment of new directors to the Board of Directors and making recommendations to the Board regarding the tenures and the re-appointment of Non-Executive Directors to the Board. The committee assists the Board in ensuring that the company's strategic initiatives and objectives are translated into actions and processes.

Members of the Committee during the period ended 31 December 2023 were:

Venerable Onyebuchi Agubesi
Mrs. Hilda Nkor
Mrs. Nneka Briggs

The Audit Committee

The Audit Committee established in accordance with the provisions of Section 404 (3) of the Companies and Allied Matters Act is comprised of three (3) shareholders representatives and two (2) Director Representatives. Members of the audit committee of the Company were elected at the Annual General Meeting of 27th July 2023. The Chairman of the audit committee is one of the shareholders representatives.

The functions of the audit committee are governed by the provisions of Section 404 (3) of the Companies and Allied Matters Act and SEC Code of Corporate Governance for public Companies 2011.

Members that served on the audit committee during the year comprise:

Mr. Godslove Okorie	Shareholders' Representative
Mr. Babatunde Elekede	Shareholders' Representative
Mr. Emmanuel Dada	Shareholders' Representative
Venerable Onyebuchi Agubesi	Non-Executive Director
Mr. Ozurumba Afigbo	Independent Non-Executive Director

Report of the Directors (continued)

Audit Committee meetings

The Audit Committee held five (5) meetings in 2023. The record of members' attendance is presented below:

Committee Members	Status	Meetings				
		26/01/2023	22/03/2023	26/04/2023	27/07/2023	25/10/20223
Ven. Onyebuchi Agubesi	Director	P	P		P	P
Mr. Ozurumba Afigbo	Director	P	P		P	P
Mr. Babatunde Elekede	Shareholder	P	P		P	P
Mr. Godslove Okorie	Shareholder	P	P		P	P
Mr. Emmanuel Dada	Shareholder	P	P		P	P

P: Present AB Absent

Finance and Risk Management Committee meeting

The Finance and Risk Management Committee held one (1) meeting in 2023. The record of members' attendance is presented below:

Committee Members	Status	Meeting
		21/07/2022
Mrs. Nneka Briggs	Director	Present
Mr. Ozurumba Afigbo	Director	Present
Mr. Nzeakor Atulomah	Director	Present

The Finance and Risk Management Committee met once during the year.

Record of Directors' attendance at Board meetings

In accordance with section 284 (2) of the Companies and Allied Matters Act 2020, the record of the Director' attendance at Directors' meetings during 2022 as listed above is available for inspection at the Annual General Meeting.

Directors' interest in contracts

No Director has notified the Company for the purpose of section 303 of the Companies and Allied Matters Act 2020, of their direct or indirect interest in contracts with the Company during the year.

Report of the Directors (continued)

Directors' shareholding

The Register of Directors' interests in the share capital of the Company will be open for inspection at the Annual General Meeting.

The direct and indirect interest of Directors in the issued share capital of the Company as recorded in the Shareholding Register and /or as notified by them for the purposes of section 301 of the Companies and Allied Matters Act 2020 and the listing requirements of the Nigerian Exchange Limited are as follows:

Directors	No. of shares held at 31 December 2022	No. of shares held at 31 December 2021	No. of shares held on date account was approved by the Board
Mr. Olusegun Layode -Direct	5,324,000	2,420,000	5,324,000
Mr. Chimaraoke Ekpe -Direct	118,878,553	54,025,663	118,878,553
Mr. Ozurumba Afigbo -Direct	Nil	Nil	Nil
Venerable Onyebuchi Agubesi – Direct	2,206,087	1,332,767	2,206,087
Venerable Onyebuchi Agubesi - Indirect - (Halden Nigeria Ltd)	44,241,091	20,109,587	44,241,091
Mrs. Nneka Briggs -Direct	18,209,866	8,277,212	18,209,866
Mrs. Hilda Nkor	27,698	Nil	27,698
Mr. Nzeakor Atulomah	Nil	Nil	Nil

Substantial shareholdings

According to the register of members as at 31 December 2022, the following shareholders of the company held 5% and above of the issued share capital of the Company:

Shareholder	Number of Shares	Percentage Held
Lenux Integrated Resources Ltd	39,930,000	5.56%
NRC Pension Funds	44,000,000	6.12%
Halden Nigeria Ltd	44,241,091	6.16%
Chimaraoke Ekpe	118,878,553	16.54%
Ijeoma Chimaraoke	117,760,027	16..38%

Lenux Integrated Resources Ltd and NRC Pension Funds are not represented on the Board. The interest of Ijeoma Chimaraoke is represented on the Board by Chimaraoke Ekpe.

No other individual except as disclosed holds 5% and above of the issued and fully paid shares of the Company

Report of the Directors (continued)

Analysis of shareholdings

Share Range	Number of Shareholders	% of Shareholders	Number of Shares	% Shareholding
1 - 1,000	381	43.444	134,560	0.0343
1,001 - 5,000	181	20.6385	494,946	0.1262
5,001 - 10,000	51	5.8153	426,373	0.1088
10,001 - 50,000	114	12.9989	3,057,435	0.7799
50,001 - 100,000	44	5.0171	3,544,407	0.9041
100,001 - 500,000	50	5.7013	13,044,522	3.3273
500,001 - 1,000,000	14	1.5964	10,869,373	2.7725
1,000,001 -5,000,000	26	2.9647	69,452,251	17.7156
5,000,001 -10,000,000	10	1.1403	88,188,855	22.4949
Above 10,000,000	6	0.6842	202,827,273	51.7364
Total	**877**	**100**	1,116,793,130	**100**

Share Capital History

The history of the authorized and fully paid up ordinary share capital of the Company as at 31st Dec 2023 is as follows:

Date	Authorized (Additional) NGN	Authorized (Cumulative) NGN	Issued and fully paid (Additional) NGN	Issued and fully paid (cumulative) NGN
2004	100,000	100,000	100,000	100,000
2008	100,842,667.50	100,942,667.50	100,842,667.50	100,942,667.50
2013	149,157,332.50	250,000,000.00	34,057,332.50	135,000,000.00
2015	Nil	250,000,000.00	13,500,000.00	148,500,000.00
2016	Nil	250,000,000.00	14,850,000.00	163,350,000.00
2017	Nil	250,000,000.00	Nil	163,350,000.00
2018	375,000,000.00	625,000,000.00	Nil	163,350,000.00
2019	Nil	625,000,000.00	Nil	163,350,000.00
2020	Nil	625,000,000.00	Nil	163,350,000.00
2022	Nil	718,740,000	196,202,000	359,370,000
2023	NIL	1,116,793,130	199,026,565	558,396,565

Share dealing policy

In accordance with the post-listing Rules of the Nigerian Exchange Limited, McNichols Consolidated Plc. has in place a share dealing policy which regulates securities transactions by its Directors, Employees and other Insiders on terms which are no less exacting than the required standard set out in the Nigerian Exchange Limited Rules. The policy and Closed Periods are communicated periodically to drive compliance. In respect of the year ended 31 December, 2023, the Directors of McNichols Consolidated Plc. hereby confirm that:

A code of conduct regarding securities transactions by all Directors has been adopted by the Company.
Specific enquiry of all Directors has been made during the reporting period and there is no incidence of non-compliance with the listing rules of the Nigerian Exchange Limited, and McNichols Consolidated Plc code of conduct, regarding securities transactions by Directors.
No share options were granted to the directors by McNichols Consolidated Plc.

Complaints Management Policy Framework

In compliance with the Securities and Exchange Commission Rule Relating to the Complaint Management Framework of the Nigerian Capital Market ("SEC Rules") 2018, McNichols Consolidated Plc. has developed a definite Complaints Management Policy by which complaints arising from issues covered under the Investment and Securities Act 2007 (ISA) are registered, and promptly resolved. A copy of this policy is available on the company's website www.mcnicholsplc.com for detailed information.

Our business principles

McNichols Consolidated Plc has zero tolerance for corruption and unethical practices and mandates its Directors, employees and business partners to adhere to all applicable laws, regulations and the McNichols Business Principles. McNichols Business Principles prescribe a uniform standard of conduct expected of every McNichols Director, employee and business partners. It covers matters such as obeying the law, conflict of interest, business integrity, responsibility to our consumers, business partners, and Shareholders.

Employment policy

At McNichols Consolidated Plc we strongly believe that to win in the market place, we must win with people and through people. This is very key in our policy formulation as it relates to human resource recruitment. We strive to remain an equal opportunity employer that is passionate about diversity and inclusiveness, mutual respect as well as encouraging vibrant communication and consultation between employees and management.

Employment of physically challenged persons:

It is the policy of the Company that there is no discrimination in considering applications for employment including those of physically challenged persons. In the event of members of staff becoming physically challenged, every effort is made to ensure that their employment with the Company continues and that appropriate training is arranged. It is the policy of the Company that training, career development and promotion of physically challenged persons should, as far as possible, be identical with that of other employees.

Employees involvement and training

The Company places considerable value on the involvement of its employees and has continued the practice of keeping them informed on matters affecting them as employees and on various factors affecting the performance of the Company. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. Briefing sessions are also held at all levels to enhance exchange of information.

Health and safety at work and welfare of employees

The Company invests its resources to ensure that hygiene on its premises is of the highest standard. In this regard, the Company's work environment is kept conducive and as safe as possible. The Company continues to provide visible and inspiring safety leadership to protect and enhance wellbeing of our employees, contractors, visitors and third party service providers. Our Employees are safety conscious in all that they do and have both individual and collective responsibility in ensuring that working environment is safe at all times.

At McNichols, we do all that is reasonably, practicable to prevent personal injury, we provide and maintain a healthy and safe environment in all our operations. In the bid to maintain the high level of safety awareness and educate staff on occupational health issues, safety talks are organized for workers on regular basis to continually promote the culture of safety awareness.

We administer first aid services to staff before referring them to clinics for proper treatment. Our factory workers undergo regular food handlers test aimed at certifying their medical fitness in handling food. Our waste management system is environmental friendly as we encourage zero non-hazardous waste disposal processes.

Quality policy

At McNichols we understand that the consumer is at the heart of what we do every day. Our consumers expect a great experience every time they use our products and trust us to deliver it. Great quality is the core of this trust. Our business is built on our quality promise – it keeps our consumers safe, builds stronger brands and its key to our sustainable growth.

Product quality has always been part of our brand promise and in a more demanding, competitive and digitalized world we are poised to ensure our brand reputation remains strong.

In meeting Quality objectives, we continue to work and engage closely with regulators to ensure consistent compliance to local and international statutory requirements.

Our focus continues to be helping to improve the lives of our neighbours.

Sustainability report

The Company pays adequate attention to the interest of its stakeholders such as its employees, host community, the consumers and the general public. The Company has a culture of integrity and zero tolerance to corruption and corrupt practices.

McNichols is the pioneer in bulk breaking of both granulated and cube sugar products and manufacturing of baking sugar in Nigeria. We are also the pioneer in the production of milk custards (3 in 1), Choco custards (4 in 1), in Nigeria and today we have a good number of foods and beverages available to our numerous consumers.

Our vision of improving the lives of our neighbours is sacrosanct and to achieve this vision we will:

Help people take action to improve their health and well-being.

Enhance livelihoods through our business practices and benevolence.

Increase the size of our business.

The launching of our New life Bitter leaf Tea is to help detoxify the bodies of our consumers to contribute our quota to a better and healthier life for our consumers. The business case for growing a Company sustainably is compelling. Consumers expect it and retailers increasingly demand it from their suppliers. It drives innovation and market development. Also, it inspires the people who work for our business. This is not just about doing good, it is also about doing well. Even as our sustainability activities improve the lives and wellbeing of those we serve, it is also an investment in the growth and resilience of our business. These investments ensure that we:

Report of the Directors (continued)

Achieve more growth

Sustainability is supporting growth by deepening brand equity, driving sales and inspiring innovation.

Hedge our risks

Sustainable ways of doing business help us mitigate risk across our operations. Operating sustainably helps us to future proof our supply chain against the risks associated with climate change and long term sourcing of raw materials.

Build more trust

Placing sustainability at the heart of our business model strengthens our relationships with stakeholders and helps us

Succeed as a business. It helps us maintain our value and relevance to consumers while inspiring current employees.

[redacted]

Local sourcing of raw materials

On a continuing basis, the Company insists on the use of local raw materials as far as practicable in its production processes and has successfully used locally produced items such as, soya, cocoa, and vegetables in a number of its products.

Disclosures

Borrowings

The details of the borrowings are stated in Note 21 of the financial statements.

Risk Management and Compliance System

The directors are responsible for the total process of risk management as well as expressing their opinion on the effectiveness of the process. 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 key risks such as operational, reputational, financial, market, technology and compliance risk. The directors are of the view that effective internal audit function exists in the Company and that risk management control and compliance system are operating efficiently and effectively in all respects.

(c) Sustainability Initiatives

The Company pays adequate attention to the interest of its stakeholders such as its employees, host community, the consumers and the general public. Also, the Company is sensitive to Nigerian's social and cultural diversity and promotes as much as possible national interests as well as national ethos and values.

Report of the Directors (continued)

(d) Related Party Transactions

The Company had no contractual relationship with any related party in the ordinary course of business as at 31st December 2023.

Notable awards/ nominations

McNichols Consolidated Plc did not receive any awards and did not accept any nominations during the year.

Suppliers

The company procures its raw materials from local vendors, importers and sugar refineries.

Major distributors

The Company's products are mainly patronized and distributed across the country as shown below:

Name	**Region**
Shoprite	South West
Game Stores	South West
Prestige Stores	South West
Spar	South West
Grocery Bazar	South West
Justrite Superstores	South West
Globus Supermarket	South West
Victory Investments	South West
Ola Oyekan Investment	South West
Babcock University	South West
One Source Supermarket	South West
Grandsquare Supermarket	South West
Ifyu Ventures Limited	North Central
Johan Enterprises	North Central
Sunny De Legend Services	North Central
Bonie Multichoice Ltd	North Central
TKC	North Central
Next Cash and Carry Superstores	North Central
Sahad Stores	North West
Jifatu Enterprises	North West
Chibuking Ifes Inter Ltd	North West
Ogbodo Christian Chinedu Enterprises	South East
Iyke and Sons	South East
Okechukwu Onwuegbu	South East
Uche Ekwunife	South East

Chuks Gabriel and Sons Ventures	South East
Mouin Trading Enterprises	South East
Zitonia Integrated	South East
Zeph Foods Industries Ltd	South East
Emeka Progress	South East
Market Square	South South
Udochi Maxwell	South South
Unity Favour Enterprises	South South
Otosi Nigeria Enterprises	South South
Ebenat Global	South South
E Y Enteprises	South South
Next Cash and Carry Superstores	South South
Double 7	South South
Chukwuka Agbakoba & Sons	South South

Independent auditor

Messrs Gbenga Badejo & Co. Chartered Accountants were appointed as the auditors to the company. Relevant corporate governance rules on 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 2020 therefore, the auditors will be re-appointed at the next annual general meeting of the Company without any resolution being passed.

Dated this 26th day of March 2024.

BY ORDER OF THE BOARD

S.E.Nomuoja & Co.

Company Secretary

12B Fagba Crescent, Off Acme Road, Agidingbi Ikeja

Lagos.

Gbenga Badejo & Co.
(Chartered Accountants)

Lagos Office:
Plot 8A, Ajumobi Olorunoje Street,
Off Acme Road,
Ikeja, Lagos State.
Abuja Liaison Office:
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Area 10, Garki, Abuja
Tel: 08096227865,
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[illegible]
www.gbc-consult.com

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF McNICHOLS CONSOLIDATED PLC

Opinion

We have audited the financial statements of McNichols Consolidated Plc, which comprise, the statement of profit or loss and comprehensive income, the statement of financial position as at 31st December, 2023, the statement of cash flows for the year ended, the significant accounting policies and other explanatory notes. These financial statements are set out on pages 9 to 46 and have been prepared using the notes to the financial statements set out on pages 14 to 44.

In our opinion, the financial statements give a true and fair view of the financial position of McNichols Consolidated Plc as at 31st December, 2023 and of the company's financial performance and cash flows for the year ended on that date, and comply with the relevant sections of the Companies and Allied Matters Act CAP C20 LFN 2020 and the applicable International Financial Reporting Standards as adopted by the Financial Reporting Council of Nigeria.

Basis of our opinion

An audit involves performing procedures so as to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making the assessments, the auditor considers the internal controls that are relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the information contained within the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. 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 seperate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities decribed in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF McNICHOLS CONSOLIDATED PLC - (continued)

Key Audit Matters (continued)

Key Audit Matters		How the Matter was addressed in the audit
Increase in Paid Up Share Capital:		
On the above, we observed that the company Share Capital Increased by 67% due to Rights Issue from 718,740,000 units at 50k each to 1,116,793,129 units at 50k.		The increament was confirmed and established in the Shareholders register accordingly.
Disclosure of the Rights Issue of Shares.		This has been reported as addition to the Issued and Fully Paid Share Capital in the financial statements in accordance with relevant section of IFRS.
Addition to Property, Plant & Equipment:		
On the above, we observed a total amount of ₦78,534,750 as the company expenditure on Plant & Machinery as well as improvement to Freehold Factory Building.		The effect has been considered in the addition during the year of Property, Plant & Equipment accordingly.
Disclosure of the Plant & Machinery and improvement to Freehold Factory Building.		We assessed the adequacy of the amount disclosed regarding the Plant & Machinery and improvement to Freehold Factory Building in the financial statements to determine they were in accordance with IFRS.
Impairment of Building & Ground:		
On the above, we observed that the company Poultry Pen House was impaired by an amount of ₦8,751,958.		The effect has been considered in the carrying amount of this property from the books accordingly.
Disclosure of the Poultry Pen House.		We assessed the adequacy of impairment disclosed regarding the Poultry Pen House in the financial statements to determine they were in accordance with IFRS.

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GBC Gbenga Badejo & Co.
(Chartered Accountants)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF McNICHOLS CONSOLIDATED PLC - (continued)

Responsibilities of the Directors for the Financial Statements

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Corporate Governance Report, Chairman's Statement, Statement of Directors' Responsibility, Report of the Audit Committee, Value Added Statement and Five Year Financial Summary as required by the Companies and Allied Matters Act, CAP C20, Laws of the Federal Republic of Nigeria 2020, which we obtained prior to the date of this report, and the Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements and our Auditors' report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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 obtained prior to the date of this Auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this report.

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with the International Financial Reporting Standards as adopted by the Financial Reporting Council of Nigeria. This responsibility includes: the designing, implementing and maintaining internal controls that are relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; as well as selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

Auditors' responsibility

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 so issue an Auditors' report that includes our opinion. Reasonable assurance is 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, individual or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF McNICHOLS CONSOLIDATED PLC - (continued)

Auditors' responsibility - (continued)

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

Identify and assess the risks of material misstatement of the 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 riks 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 the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 Auditors' 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 Auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding indepedence, and to communuicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our Auditors' report unless law or regulatory precludes public disclosure about the matter or when, in extremely rare circumstances of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Gbenga Badejo & Co.
(Chartered Accountants)

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REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF McNICHOLS CONSOLIDATED PLC - (continued)

Report on other legal and regulatory requirements

In accordance with the requirement of schedule 6 of the Companies and Allied Matters Act CAP C20 LFN 2020, we confirm that:

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;

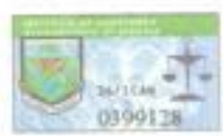
In our opinion proper books of account have been kept by the Company, in so far as it appears from our examination of those books; and

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.

The Engagement Partner on the audit resulting in this independent auditor's report is:-

Emmanuel Igemokhai Oglaga, FCA
FRC/2021/004/00000024269
Managing Partner
Gbenga Badejo & Co.
Chartered Accountants
Plot 8a, Ajumobi Olorunoje Street,
Off Acme Road, By First Bank,
Agidingbi,
Ikeja, Lagos State.

DATE: 28TH MARCH, 2024



Report of the Audit Committee to the members of McNichols Consolidated Plc

In accordance with the provisions of Section 359(6) of the Companies and Allied Matters Act (CAP C20) Laws of the Federation of Nigeria 2004, the members of the statutory audit committee of McNichols Consolidated Plc hereby report as follows:

We confirm that:

The accounting and reporting policies of the Company are consistent with legal requirements and ethical practices.

The internal audit programmes are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems.

We have considered the independent auditors post audit report in respect of year ended 31 December, 2021 and management responses thereon, and are satisfied thereto.

Members of the Audit Committee are:

Godslove Okorie	Shareholders' Representative
Emmanuel Dada	Shareholders' Representative
Babatunde Sulay Elekede	Shareholders' Representative
Venerable Onyebuchi Agubesi	Non-Executive Director
Ozurumba Afigbo	Independent Non-Executive Director
Nneka Briggs	Non-Executive Director

Dated this 27th March, 2024

Godslove Okorie
Chairman

FRC/2013/ICAN/00000001869

McNICHOLS CONSOLIDATED PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER, 2023

	Notes	Year 2023 ₦	Year 2022 ₦
Turnover	7	1,594,612,866	834,017,681
Cost of Sales	12b	(1,404,624,841)	(704,653,775)
Distribution, Marketing and Other Expenses	12b	(88,745,633)	(61,987,548)
Administrative Expenses	12b	(66,213,811)	(46,155,848)
Other Income	8	3,534,510	1,543,050
Operating Profit		38,563,091	22,763,561
Financial Income	11	17,919,293	14,379,922
Financial Cost	11	(10,151,868)	(11,574,835)
Profit Before Tax		46,330,516	25,568,647
Income Tax Expense	14	(10,264,716)	(5,807,460)
Profit After Tax		36,065,800	19,761,187
Deferred Tax Movement	15	(8,543,198)	6,888,976
Other Comprehensive Income for the year			
Discontinued Operation Income	9	-	7,620,490
Total Comprehensive Income for the year		27,522,602	34,270,653
Profit for the year attributable to owners of the company		27,522,602	34,270,653
Earnings per share for profit attributable to owners of the parent:			
Basic (Kobo)	18	2.46	4.77

The notes on pages 14 to 44 form an integral part of these financial statements.

McNICHOLS CONSOLIDATED PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2023

	Notes	Year 2023 ₦	Year 2022 ₦
Non-Current Assets			
Property, Plant and Equipment	16	320,251,372	281,003,102
Investments	26	6,400,000	5,820,000
Total Non-Current Assets		326,651,372	286,823,102
Current Assets			
Inventories	19	275,371,990	92,610,215
Trade and Other Receivables	17	165,970,869	114,166,014
Cash and Cash Equivalents	20	283,927,749	94,227,677
Restricted Cash	20	16,731,169	65,890,267
Total Current Assets		742,001,777	366,894,173
Total Assets		1,068,653,149	653,717,275
Liabilities			
Current Liabilities			
Trade and Other Payables	24	293,826,739	59,855,096
Loans and Borrowings	22	41,250,000	41,250,000
Current Tax Liabilities	14	10,264,716	5,807,460
Total Current Liabilities		345,341,455	106,912,556
Non-Current Liabilities			
Loans and Borrowings	22	24,062,500	65,312,500
Provisions	25	85,000,000	87,000,000
Deferred Tax Liabilities	15	22,599,717	14,056,519
Total Non-Current Liabilities		131,662,217	166,369,019
Equity			
Ordinary Share Capital	21	558,396,565	359,370,000
Share Premium	21	5,576,000	13,723,990
Retained Earnings	21	27,676,912	7,341,710
Total Equity		591,649,477	380,435,700
Total Equity and Liabilities		1,068,653,149	653,717,275

McNICHOLS CONSOLIDATED PLC

STATEMENT OF FINANCIAL POSITION (Continued)
AS AT 31ST DECEMBER, 2023

These financial statements were approved by the Board of Directors on 26th March, 2024 and signed on its behalf by:

Olusegun Layode	Chimaraoke Ekpe	Adebayo Temitope Abefe
Chairman	Managing Director	Finance Manager
FRC/[illegible]/CAN/[illegible]	FRC/[illegible]/PRO/DIR/003/[illegible]	FRC/[illegible]/PRO/ICAN/[illegible]

The notes on pages 14 to 44 form an integral part of these financial statements.

McNICHOLS CONSOLIDATED PLC

STATEMENT OF CHANGES IN EQUITY
AS AT 31ST DECEMBER, 2023

	Share Capital ₦	Share Premium ₦	Retained Earnings ₦	Total Equity ₦
Balance at 1st January 2022	163,350,000	16,913,313	178,892,057	359,155,370
Total Comprehensive Income for the year	-	-	34,270,653	34,270,653
Transactions with the owners				
Dividend declared	-	-	(9,801,000)	(9,801,000)
Bonus issue of ordinary shares	196,020,000	(3,189,323)	(196,020,000)	(3,189,323)
At 31st December, 2022	359,370,000	13,723,990	7,341,710	380,435,700
Balance at 1st January, 2023 as previously reported	359,370,000	13,723,990	7,341,710	380,435,700
Adjustment	-	-	(7,187,400)	(7,187,400)
Adjusted balance on 1st January, 2023	359,370,000	13,723,990	154,310	373,248,300
Total Comprehensive Income for the year	-	-	27,522,602	27,522,602
Transactions with the owners				
Dividend declared	-	-	-	-
Right issue of ordinary shares	199,026,565	-	-	199,026,565
Share increase/public offer expenses	-	(8,147,990)	-	(8,147,990)
At 31st December, 2023	558,396,565	5,576,000	27,676,912	591,649,477

The notes on pages 14 to 44 form an integral part of these financial statements.

McNICHOLS CONSOLIDATED PLC

STATEMENT OF CASH FLOWS
AS AT 31ST DECEMBER, 2023

	Year 2023 ₦	Year 2022 ₦
Cash flows from operating activities		
Cash generated from operations	46,330,516	25,568,647
Income tax expense	(10,264,716)	(5,807,460)
Net Income	36,065,800	19,761,187
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortisation	30,534,522	36,672,968
Changes in Current Assets/Liabilities:		
Decrease in inventories	(182,761,775)	37,362,797
Increase in accounts and other receivables	(55,149,073)	(15,482,787)
Decrease in prepaid expenses	3,344,219	3,891,391
Increase in account payables	238,428,899	(9,937,234)
Net Cash Provided by Operating Activities	70,462,591	72,268,322
Cash flows from investing activities		
Purchase of property, plant and equipment	(78,534,750)	(5,492,155)
Adjustment of property, plant and equipment	8,751,958	11,745,710
Discontinued Operation	-	7,620,490
Investment	(580,000)	-
Net cash used in investing activities	(70,362,792)	13,874,045
Cash flows from financing activities		
Loans and borrowing	(41,250,000)	(41,250,000)
Provisions	(2,000,000)	(2,000,000)
Dividend Paid	(7,187,400)	(9,801,000)
Share increase/public offer expenses	190,878,575	(3,189,323)
Net cash flow generated from financing activities	140,441,175	(56,240,323)
Net increase in cash and cash equivalents	140,540,974	29,902,044
Cash and cash equivalents at the beginning of the year	160,117,944	130,215,900
Cash and cash equivalents at the end of the year	300,658,918	160,117,944

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements
For the year ended 31st December, 2023

1 Reporting entity

McNichols Consolidated Plc ("the Company") is a Company domiciled in Nigeria. The address of the Company's registered office is at 7 Jeminat Laalu Street, near Journalist Estate Arepo, off Km 32 Lagos Ibadan Expressway Ogun State. The Company is listed on the Nigerian Exchange Limited. The principal activities of the Company continue to be the manufacturing, packaging, marketing and distribution of food and beverage products.

2 Basis of preparation

(a) Statement of compliance

The financial statements of McNichols Consolidated Plc. have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The financial statements have been prepared under the historical cost basis, except for the following items which are measured on an alternative basis on each reporting date:

Items		Measurement basis
Inventories	-	Lower of cost and net realisable value

(b) Functional and presentation currency

The financial statements are presented in Nigerian Naira, which is the Company's functional and presentation currency.

(c) Going concern

Nothing has come to the attention of the directors to indicate that McNichols Consolidated Plc will not remain a going concern for at least twelve months from the date of approval of these financial statements.

3 Significant Accounting Policies

The Company has applied the following accounting policies to these financial statements. Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2023

(A) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. 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.

(I) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Impairment of financial assets

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The expected credit losses on financial assets are adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

Forward-looking information considered includes the future prospects of the market in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if the debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

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

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

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 60 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit - impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event (see (ii) above);

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write off policy

The Company writes off a financial asset when there is sufficient information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when all economic attempts to recover the outstanding amount have failed or when the period within which the debt can be legally enforced has expired or unable to locate debtor or debtor passed away leaving no asset, 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.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date. For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account. For trade receivables, the Company applies a simplified approach in calculating ECLs.

(v) **Measurement and recognition of expected credit losses - (Continued)**

Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(II) **Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

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.

Subsequent measurement

All financial liabilities are measured subsequently at amortised cost using the effective interest method. Financial liabilities measured subsequently at amortised cost are not:

(i) contingent consideration of an acquirer in a business combination,

(ii) held-for-trading, or

(iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest (EIR) amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss. When the Company exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Company accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities.

(III) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(B) Property, plant and equipment

I. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised in profit or loss.

(B) Property, plant and equipment - (Continued)

II . Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

III. Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	20 years
• Plant and machinery	5 years
• Motor vehicles	3 years
• Furniture and fittings	4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate. The attributable cost of each asset is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly. Land has unlimited useful life so it is not depreciated.

(C) Biological assets

Biological assets are measured at fair value less selling costs. They represent investments in crops, poultry and fishery during the year under review. Changes in fair value less costs to sell are included in the profit or loss account.

(D) Investment

Investment is measured at fair value in statement of financial position with changes recognized in the statement of profit or loss.

(E) Inventories

Inventory is measured at the lower of cost and net realisable value. The cost of inventory includes expenditure incurred in acquiring the inventory, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Cost incurred in bringing each product to its present location and condition is based on:

(i) Raw and packaging materials and purchased finished goods --- purchase cost on a first- in, first - out basis including transportation and clearing costs.

(E) Inventories - (Continued)

(ii) Products in process and manufactured finished goods—Weighted average cost of direct material and labour plus a reasonable proportion of manufacturing overhead based on normal levels of activity.

(iii) Engineering spares---Purchase cost on a weighted average cost basis including transportation and clearing cost.

(iv) Goods in transit---Purchase cost incurred to date.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of conversion and selling expenses.

Engineering spares are classified as inventory and are recognised in the profit or loss account as consumed. Allowance is made for obsolete, slow moving or defective items where appropriate.

(F) Impairment of Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

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 or cash generating unit (CGU). For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the —cash-generating unit, or CGUI).

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis. In respect of other assets (excluding Goodwill for which impairment loss is not reversed), impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognised.

(G) Employee benefits

- **Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the period during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. The Company has a pension fund scheme in operation.

(G) Employee benefits - (Continued)

- **Pension fund scheme**

In line with the provisions of the Pension Reform Act 2014, the Company instituted a defined contribution pension scheme for Staff. Staff contributions to the scheme are funded through payroll deductions while the Company's contributions are charged to the profit and loss account. The Company's contribution is 10% for all staff while employees contribute 8% of their monthly emolument (basic, housing and transport).

(H) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(I) 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.

(J) Statement of cash flows

The statement of cash flows is prepared using the indirect method. Changes in statement of financial position items that have not resulted in cash flows such as depreciation, and other non-cash items have been eliminated for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Net finance cost is included in financing activities.

(K) Revenue

Revenue from contracts with customers IFRS 15

- **Sale of goods**

The Company is into manufacturing, marketing and distribution of food products. Sales are recognized when control of the products has transferred, being when the products are shipped to the customer. Sales occur when the products have been shipped to the specific location and either the Distributor has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

- **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 goods may provide customers with a right of return and trade incentives. The rights of return and trade incentives 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.

- **Trade incentives**

The Company provides incentives to customers who achieve certain targets or for purchasing certain products from time to time. Incentives are credited to the customer's account, available for purchase of products. The Company calculates actual incentive for each relevant period. The Company does not offer trade incentives for periods further than the current reporting period.

- **Significant financing component**

Generally, the Company receives short-term advances from its customers. 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 if 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.

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). Refer to accounting policies of financial assets.

- **Contract Asset**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

- **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

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.

(L) Advance payment to suppliers

Advance payments represent payments made to vendors for materials and services not yet rendered or supplied as at year end.

(M) Finance income and finance costs

Net finance cost includes interest expense on borrowings as well as interest income on funds invested. Net finance cost is the excess of finance cost over finance income.

(N) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been statutorily enacted by the reporting date.
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(O) Earnings per share

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

(P) Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. The Company is focused on food and beverage products. Consequently the Company segments its reporting along food products and beverage products.

(Q) Dividends

Dividends are recognised as liability in the period they are declared. Dividends which remained unclaimed are treated in accordance with Securities and Exchange Commission rules and regulations.

(R) Related parties

Related parties include the Directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Company. Key management personnel are also regarded as related parties. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. The preliminary assessment indicates that this new standard has no impact in our operations.

IFRS 17 Insurance contracts

The new Standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. The Standard outlines a General Model, which is modified for insurance contracts with direct participation features, described as the Variable Fee Approach. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach. The General Model will use current assumptions to estimate the amount, timing and uncertainty of future cash flows and it will explicitly measure the cost of that uncertainty, it takes into account market interest rates and the impact of policyholders' options and guarantees. The implementation of the Standard is likely to bring significant changes to an entity's processes and systems, and will require much greater co-ordination between many functions of the business, including finance, actuarial and IT. The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application. The directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Company's financial statements.

Amendments to IAS 28: Long-term interests in associates and joint ventures

The amendment clarifies that IFRS 9, including its impairment requirements, applies to long-term interests.

Amendments to IAS 28: Long-term interests in associates and joint ventures (Continued)
Furthermore, in applying IFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by IAS 28 (i.e., adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28). The amendments are effective for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. Specific transition provisions apply depending on whether the first-time application of the amendments coincides with that of IFRS 9. The preliminary assessment indicates that this new standard has no impact on our operations.

IFRIC 23 Uncertainty over income tax treatments
IFRIC 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The Interpretation requires an entity to:

• determine whether uncertain tax positions are assessed separately or as a group; and

• assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
– If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.

– If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively. The directors of the Company have assessed the impact of this amendment for the period under review and no impact was observed on the Company's financial statements.

Amendments to IFRS 9: Prepayment features with negative compensation
The amendments to IFRS 9 clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendment applies to annual periods beginning on or after 1 January 2019, with earlier application permitted. There are specific transition provisions depending on when the amendments are first applied, relative to the initial application of IFRS 9. The application of the amendments has no significant impact on the Company's financial statements.

Amendments to IAS 19: Plan amendment, curtailment or settlement
The amendments clarify that the past service cost (or of the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position).

Amendments to IAS 19: Plan amendment, curtailment or settlement - (Continued)

IAS 19 is now clear that the change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is determined in a second step and is recognised in the normal manner in other comprehensive income. The paragraphs that relate to measuring the current service cost and the net interest on the net defined benefit liability (asset) have also been amended. An entity will now be required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under IAS 19.99 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)). The amendments are applied prospectively. They apply only to plan amendments, curtailments or settlements that occur on or after the beginning of the annual period in which the amendments to IAS 19 are first applied.

The amendments to IAS 19 must be applied to annual periods beginning on or after 1st January 2019, but they can be applied earlier if an entity elects to do so. The directors of the Company have assessed the impact of application of the amendments and hereby report that no significant impact was seen on the Company's financial statements.

Amendments to IFRS 10 and IAS 28: Sale or contribution of assets between an investor and its associate or joint venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture.

Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted. The directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Company's financial statements.

4 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The management of the Company revises its estimates and assumptions on a regular basis to ensure that they are relevant regarding the past experience and the current economic and political environment. Estimates and underlying assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The accounting for certain provisions, certain financial instruments and the disclosure of financial assets, contingent assets and liabilities at the date of the financial statements is judgmental. The items, subject to judgment, are detailed in the corresponding notes to the financial statements. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are discussed below:

4 Significant accounting judgements, estimates and assumptions - (Continued)

4.1 Critical accounting judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- Determining method to estimate variable consideration and assessing the constraint.

Certain contracts for the sale of products include a right of return that gives rise to variable consideration.

In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The Company determined that the expected value method is the appropriate method to use in estimating the variable consideration for the sale of goods with rights of return, given the large number of customer contracts that have similar characteristics.

Before including any amount of variable consideration in the transaction price, the Company considers whether the amount of variable consideration is constrained. The Company determined that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic conditions. In addition, the uncertainty on the variable consideration will be resolved within a short time frame.

- Determining the timing of satisfaction of sales of goods.

The Company concluded that revenue for sales of goods is to be recognised as a point in time; when the customer obtains control of the goods. The Company assesses when control is transferred using the indicators below:

- The Company has a present right to payment for the goods;
- The Company has transferred physical possession of the asset;
- The customer has the significant risks and rewards of ownership of the goods; and
- The customer has accepted the asset.

Key Sources Of Estimation Uncertainty

Estimated useful lives and residual values of property, plant and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its items of property, plant and equipment on an annual basis. The Company has carried out a review of the residual values and useful lives of property, plant and equipment as at 31 December 2021 and that has not highlighted any requirement for an adjustment to the residual values and remaining useful lives of the assets for the current or future periods.

Impairment testing

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available unobservable inputs that are developed based upon the best information available under the circumstances, which might include the Company's own data less incremental costs of disposing of the asset.

Impairment testing - (Continued)

The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next fifteen years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Provision for expected credit losses (ECL) of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the 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 manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forwardlooking 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.

Estimating variable consideration for returns

The Company estimates variable considerations to be included in the transaction price for the sale of goods with rights of return and trade incentives. The Company developed a statistical model for forecasting sales returns. The model used the historical return data of each year to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Company.The Company's expected trade incentives are analysed on a per customer basis. Determining whether a customer will be likely entitled to trade incentive will depend on the customer's historical incentive entitlement and accumulated performance to date. The Company applies a statistical model for estimating expected trade incentives. The model uses the historical purchasing patterns and incentive entitlement of customers to determine the expected incentive percentages and the expected value of the variable consideration.

Any significant changes in experience as compared to historical purchasing patterns and incentive entitlements of customers will impact the expected incentive percentages estimated by the Company.

The Company updates its assessment of expected returns periodically and the refund liabilities are adjusted accordingly. Estimates of expected returns are sensitive to changes in circumstances and the Company's past experience regarding returns may not be representative of customers' actual returns in the future.

Measurement of the expected credit loss allowance for financial asset

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Provision for legal matters

The Company makes provisions for legal matters based on its judgement as to the probability of liability arising from such legal matters.

5 Operating segments

(a Basis of segmentation

The Company is focused on food and beverage products. All operational activities of the company are focused on the manufacturing, sales and distribution of food and beverage products.

Segment	Description
Food products	This includes the production and sale of custard products and Pancake House foods.
Beverages	This includes the production and sale of sugar products, chocolate flavoured milk products, tea and milk products.

Information regarding the results of each reportable segment is included in Note 5b

(b

	Food		Beverages		Others		Total	
	Year 2023 ₦	Year 2022 ₦	Year 2023 ₦	Year 2022 ₦	Year 2023 ₦	Year 2022 ₦	Year 2023 ₦	Year 2022 ₦
Revenue	244,501,129	266,946,535	1,350,111,736	567,071,147	-	-	1,594,612,865	834,017,681
Other income	-	-	-	-	3,534,510	1,543,050	3,534,510	1,543,050
Interest income	-	-	-	-	17,919,293	14,379,922	17,919,293	14,379,922
Interest expense	-	-	-	-	(10,151,868)	(11,574,835)	(10,151,868)	(11,574,835)
Depreciation	4,786,758	11,739,478	25,747,764	24,933,490	-	-	30,534,522	36,672,968
Reporting Segment profit before tax	7,019,073	13,677,925	39,311,443	11,890,722	-	-	46,330,516	25,568,647

There are no significant reconciling items between the reportable segment revenue and revenue for the year.

Profit or loss	**Year 2023** **₦**	**Year 2022** **₦**
Total profit or loss for reportable segments	46,330,516	25,568,647
Other corporate expenses and income	-	-
Profit before income tax	46,330,516	25,568,647

6 Geographical information

	Year 2023 **₦** Revenue	**Year 2022** **₦** Revenue
South West	698,492,481	266,672,305
South East	279,680,745	213,366,122
South South	300,037,769	154,964,018
North Central	233,948,161	154,763,498
North West	80,873,523	42,614,529
North East	1,580,186	1,637,209
Total revenue from contracts with customers	1,594,612,866	834,017,681

Retail Supermarkets Nigeria Ltd (Shoprite) is the only key customer that accounted for more than 10% of the company's revenue.

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2023

7 Turnover

Revenue for the year which arose from sales of goods comprise:

	Year 2023	Year 2022
	₦	₦
Nigeria	1,594,612,866	834,017,681
Export	-	-
	1,594,612,866	834,017,681

All the company's revenue was made within Nigeria.

7.1 Disaggregated revenue information

	For the year ended 31st December 2023		
	Food Products	Beverages	Total
	₦	₦	₦
Goods transferred at a point in time:			
Total revenue	244,501,130	1,350,111,736	1,594,612,866

Disaggregation of revenue—quantitative disclosure

The Company has assessed that the disaggregation of revenue by operating segments is appropriate in meeting this disclosure requirement as this information is important in order to evaluate the financial performance of the entity. The Company determines that the categories used in the investor presentations can be used to meet the objective of the disaggregation disclosure requirement in paragraph 114 of IFRS 15, which is to disaggregate revenue from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

7.2 Performance obligations

Information about the Company's performance obligations are summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the product and payment is generally due within the customers credit days. Some contracts provide customers with a right of return and incentives which give rise to variable consideration subject to constraint.

8 Other Income

	Year 2023	Year 2022
	₦	₦
Sales of waste products, waste packaging materials, investment and scraps	3,534,510	1,543,050

9 Discontinued Operation Income

	Year 2023	Year 2022
Discontinued Operation Income	-	7,620,490

Above for prior year being income gain related to discontinued operations of Pancake House segment of the company during the year under review from the disposal of assets therein.

10 Right of return

In line with adoption of IFRS 15, a refund liability of ₦600,000 (2022: ₦600,000) has been recognised for the right to recover returned goods asset of ₦490,000 (2022: ₦490,000). Management has made an estimate based on historical trend of likely sales returns by customers subsequent to year end. The amount of revenue recognised is adjusted for expected returns. A refund liability (Note 24ii) and the right to recover returned goods asset have been recognised (Note 19).

11 Net finance cost

	Year 2023	Year 2022
Finance income	17,919,293	14,379,922
Finance cost	(10,151,868)	(11,574,835)
Net finance cost	7,767,425	2,805,087

12 Profit before income tax

(a) Profit before income tax is stated after charging:

	Notes	Year 2023	Year 2022
		₦	₦
Depreciation	16	30,534,522	36,672,968
Auditors' remuneration		900,000	800,000
Directors' remuneration	13 (c)	3,007,500	3,070,000
Personnel expenses	13 (a)	46,365,270	31,791,274
Interest on loans and bank charges	11	10,151,868	11,574,835

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2023

(b) **Expenses by nature**

	Notes	Year 2023	Year 2022
		₦	₦
Depreciation	16	30,534,522	36,672,968
Impairments		8,751,958	-
Auditor's remuneration		900,000	800,000
Personnel expenses	13 (a)	46,365,270	31,791,274
General licence, fees/levies		2,148,670	2,614,516
Raw materials and consumables		1,287,748,915	624,721,932
Distribution expenses		74,558,362	53,468,128
Advertising & sales promotion		3,049,045	3,430,957
Factory overheads		46,623,750	26,343,619
Communication, printing, stationary & postages		2,564,099	3,646,982
Repairs & maintenance		26,709,415	12,142,526
Insurance		438,202	454,805
Transport, travels & entertainment		11,331,776	7,603,364
Rent		2,458,328	2,800,000
Other expenses		15,401,975	6,306,100
		1,559,584,285	812,797,171

	Year 2023	Year 2022
	₦	₦
Summarised as follows:		
Cost of Sales	1,404,624,841	704,653,775
Marketing and distribution expenses	88,745,633	61,987,548
Administrative expenses	66,213,811	46,155,848
	1,559,584,285	812,797,171

13 Personnel expenses

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

	Year 2023	Year 2022
	₦	₦
Salaries, wages and allowances	41,735,666	29,797,333
Contribution to pension	3,708,157	1,557,581
Medical	921,447	436,360
	46,365,270	31,791,274

13 Personnel expenses - Continued

(b) Employees of the Company received remuneration in the following ranges:

₦		₦	Year 2023	Year 2022
200,000	-	300,000	0	0
300,001	-	400,000	10	46
400,001	-	500,000	18	7
500,001	-	600,000	3	3
600,001	-	700,000	6	10
700,001	-	800,000	11	1
800,001	-	900,000	3	6
900,001	-	1,000,000	10	7
			61	80

The number of full-time persons employed per function as at 31st December was as follows:

	Year 2023 Number	Year 2022 Number
Production	40	59
Sales and distribution	14	15
Administration	7	6
	61	80

(c) **Directors remuneration**

Remuneration paid to directors of the Company was as follows:

	Year 2023 ₦	Year 2022 ₦
Directors' emoluments:		
Non executive directors	1,187,500	1,250,000
Executive director	1,820,000	1,820,000
	3,007,500	3,070,000

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2023

(c) **Directors remuneration - Continued**

The directors' remuneration shown above includes:

	Year 2023	Year 2022
	₦	₦
Chairman	250,000	250,000
Highest paid director	1,820,000	1,820,000

Other directors receive emoluments in the range below:			Year 2023 Number	Year 2022 Number
₦		₦		
250,000	-	100,000	5	4
			5	4

14 Current Tax Liabilities

Income Tax Expense

The tax charge for the year has been computed after adjusting for certain items of expenditure and income, which are not deductible or chargeable for tax purposes, and comprises:

	Year 2023	Year 2022
	₦	₦
Current tax expense		
Current year income tax	8,062,661	4,249,703
Current year tertiary education tax	2,199,916	1,556,040
Current year police trust fund	2,140	1,716
	10,264,716	5,807,460
Deferred tax credit	8,543,198	(6,888,976)
Total income tax expense	18,807,914	(1,081,516)

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2023

		Year 2023	Year 2022
		₦	₦
14	**Current Tax Liabilities - Continued**		
	Current tax liabilities Movement in current tax liabilities account during the year was as follows :		
	At 1 January	5,807,460	3,282,417
	Charge for the year	10,264,716	5,807,460
	Payments/Adjustments in the year	(5,807,460)	(3,282,417)
	At 31st December	10,264,716	5,807,460
15	**Deferred Tax**		
(i)	**Per Income Statement**		
	Carrying Amount	196,599,784	157,351,516
	Tax Written Down Value	143,861,384	133,090,442
	Unutilised Capital Allowance	-	-
	Timing Difference	52,738,400	24,261,074
	Deferred tax liability at 30%	15,821,520	7,278,322
	Deferred tax b/fwd	7,278,322	14,167,298
	Deferred Tax Movement	8,543,198	(6,888,976)
(ii)	**Per Financial Position**		
	Balance as at 1 January 2023	14,056,519	20,945,495
	Deferred Tax Movement	8,543,198	(6,888,976)
	Balance as at 31st December 2023	22,599,717	14,056,519

MCNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2023

16 Property, Plant & Equipment

	Land ₦	Leasehold Building & Development ₦	Freehold Building ₦	Plant and Machinery ₦	Office Equipment ₦	Office Furnitures and Fittings ₦	Motor Vehicle ₦	Total ₦
At 1st January, 2022	123,651,586	30,693,635	169,441,444	291,784,262	22,181,934	35,596,389	71,653,761	745,003,011
Additions	-	-	210,000	3,771,255	130,000	1,380,900	-	5,492,155
At 31st December, 2022	123,651,586	30,693,635	169,651,444	295,555,517	22,311,934	36,977,289	71,653,761	750,495,166
Cost								
At 1st January, 2023	123,651,586	30,693,635	169,651,444	295,555,517	22,311,934	36,977,289	71,653,761	750,495,166
Adjustments	-	-	(8,751,958)	-	-	-	-	(8,751,958)
Additions	-	-	918,750	77,616,000	-	-	-	78,534,750
At 31st December, 2023	123,651,586	30,693,635	161,818,236	373,171,516	22,311,934	36,977,289	71,653,761	820,277,957
Accumulated depreciation and impairment losses:								
At 1st January, 2022	-	30,197,979	41,748,956	244,464,752	18,815,562	29,342,059	68,249,786	432,819,096
Charge for the year	-	495,655	8,671,163	20,326,182	1,087,415	3,553,655	2,538,897	36,672,968
At 31st December, 2022	-	30,693,634	50,420,119	264,790,934	19,902,977	32,895,714	70,788,683	469,492,064
Accumulated depreciation and impairment losses:								
At 1st January, 2023	-	30,693,634	50,420,119	264,790,934	19,902,977	32,895,714	70,788,683	469,492,064
Charge for the year	-	(0)	8,683,505	18,262,452	1,069,165	1,654,322	865,078	30,534,522
At 31st December, 2023	-	30,693,634	59,103,624	283,053,386	20,972,143	34,550,037	71,653,761	500,026,586
Carrying Amount								
At 31st December, 2022	123,651,586	1	119,231,325	30,764,582	2,408,957	4,081,575	865,078	281,003,102
At 31st December, 2023	123,651,586	1	102,714,611	90,118,130	1,339,791	2,427,252	0	320,251,372

Impairment test

The assets of the company were subjected to impairment test and there were no impairment differences; assets have been recorded at their recoverable amount as shown in the PPE schedules.

Security

As at 31st December 2020, assets of the company were pledged as a security to WEMA Bank Plc for Bank Guarantee issued on behalf of the Company in favour of the Bank of Industry for the facility granted to the company by Bank of Industry.

17 Trade & Other Receivables

	Note	Year 2023 ₦	Year 2022 ₦
Accounts Receivable		154,285,636	102,044,571
Staff Loans and Advances	17 (b)	7,755,529	4,847,520
Prepayments		3,929,704	7,273,923
		165,970,869	114,166,014

Prepayments include prepaid loan charges of ₦1,371,371 (2022: ₦4,438,713)

17(b) Staff loans

	Year 2023 ₦	Year 2022 ₦
Key management staff	3,100,000	1,740,000
Other staff	4,655,529	3,107,520
	7,755,529	4,847,520

The staff loan is on short term basis.

18 Earnings Per Share

(a) **Basic earnings per share**

Basic earnings per share is based on profit attributable to the owners of the Company for the year of ₦27,522,602 (year 2022: ₦34,270,653), on 1,116,793,129 (year 2022: 718,740,000) ordinary shares of 50 kobo each, in issue outstanding at reporting date.

	₦	₦
Earnings from continuing operations for the purpose of basic earnings per share	27,522,602	34,270,653
	Number	**Number**
Number of ordinary shares as at 31 December	1,116,793,129	718,740,000
Basic earnings per share (kobo)	2.46	4.77

18 Earnings Per Share - (Continued)

(b) Diluted earnings per share

Diluted earnings per share is based on profit attributable to the owners of the Company for the year of ₦27,522,602 (2022: ₦34,270,653), on 1,116,793,129 (2022: 718,740,000) ordinary shares of 50 kobo each, in issue outstanding at reporting date.

	Year 2023	Year 2022
	₦	₦
Earnings from continuing operations for the purpose of diluted earnings per share	27,522,602	34,270,653
	Number	Number
Number of ordinary shares as at 31st December	1,116,793,129	718,740,000
Diluted earnings per share (kobo)	2.46	4.77

There were no potentially dilutive shares at the reporting date thus the basic earnings per share and diluted earnings per share have the same value.

19 Inventories

Raw & Packaging Materials	274,881,990	92,120,215
Right to recover returned goods	490,000	490,000
Less: Provision for slow moving stock	-	-
	275,371,990	92,610,215

The value of inventories consumed during the year and recognised in cost of sales amounted to ₦1,281 million (2022: ₦615 million).

The right to returned goods asset represents the Company's right to recover products from customers where customers exercise their right of return under the Company's sale or returns policy. The Company uses its accumulated historical experience to estimate the number of returns in a year. In line with IFRS 15, right of returned goods asset of ₦490,000 was recognised. Consequently, a refund liability of ₦600,000 was recognised as amount payable in respect of the returned goods asset.

20 Cash and Cash Equivalents

	Year 2023	Year 2022
	₦	₦
Cash on hand	44,068	45,910
Cash at bank	283,883,681	94,181,767
	283,927,749	94,227,677
Restricted cash	16,731,169	65,890,267
	300,658,918	160,117,944

Restricted cash represents a debt facility specifically designated for the procurement of equipment.

Securities Trading Policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) McNichols Consolidated Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares.

The Policy undergoes periodic reviews by the Board and is updated accordingly.
The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

21 Capital, Reserves and Share Premium

(a) Ordinary Share

	Year 2023	Year 2022
	₦	₦
Issued and fully paid ordinary shares of 50k each		
At 31st December (in number of shares)	1,116,793,129	718,740,000
At 31st December (in Naira)	558,396,565	359,370,000

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

(b) Share Premium

	Year 2023	Year 2022
	₦	₦
The premium on the 1,116,793,129 ordinary shares of 50 kobo each is as follows:		
At 1st January	13,723,990	16,913,313
Share Capital Increase & Share Issue Costs	(8,147,990)	(3,189,323)
As at 31st December	5,576,000	13,723,990

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2023

		Year 2023	Year 2022
		₦	₦
(c)	**Retained Earnings**		
	Revenue Reserves:		
	Balance At 1st January	7,341,710	178,892,057
	Profit retained for the year	27,522,602	34,270,653
		34,864,312	213,162,710
	Bonus Share Issue	-	(196,020,000)
	Dividend	(7,187,400)	(9,801,000)
	Balance At 31st December	27,676,912	7,341,710

22 Loans and borrowings

(a) This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings.

Loans and borrowing as at 31st December is as follows:

		Year 2023	Year 2022
		₦	₦
Secured bank loan	(Note 22b)	65,312,500	106,562,500

Loans and borrowings are analysed into short and long term liabilities based on the time the repayment obligation falls due as follows:

	Year 2023	Year 2022
	₦	₦
Current liabilities	41,250,000	41,250,000
Non-current liabilities	24,062,500	65,312,500
	65,312,500	106,562,500

(i) **Secured bank loan**

This represents the loan obtained from the Bank of Industry (BOI). The bank issued a loan of ₦165 million to McNichols Plc at 5% interest for a period of 5 years (inclusive of a moratorium period of 12 months on principal only) ending 2025. The loan is secured by the guarantee of the Company's bankers. A portion of the outstanding principal amount and accrued interest is repaid monthly.

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2023

(b) Reconciliation between opening and closing balances of the loans and borrowings is shown below:

	Year 2023	Year 2022
	₦	₦
At 1st January	106,562,500	147,812,500
Repayment	(41,250,000)	(41,250,000)
Net cash (outflow)/inflow	(41,250,000)	(41,250,000)
At 31st December	65,312,500	106,562,500

23 Pension payable

The balance on the pension payable account represents the amount due to the Pension Fund Administrators which is yet to be remitted at the period end. The movement on this account during the year was as follows:

	Year 2023	Year 2022
	₦	₦
Balance at 1st January	13,995,321	13,557,959
Charged for the year	3,573,417	1,257,581
Payments during the year	(3,399,183)	(820,219)
Balance at 31st December	14,169,555	13,995,321

Pension payable is included in other payables and accruals in Note 24.

24 (i) Trade and other payables	Note	Year 2023	Year 2022
		₦	₦
Accounts Payable - Vendor		19,978,823	13,071,367
Other payables & accruals	24ii	39,550,465	46,783,729
Customers' deposits		234,297,450	-
		293,826,739	59,855,096

	Year 2023	Year 2022
	₦	₦
24 (ii) Other payables & accruals		
Sundry Payables	2,728,441	16,843,327
Pension Plan Liabilities	14,169,555	13,995,321
Accrued Directors Fees	187,500	-
Accrued Salaries	3,505,111	577,707
Accrued Audit Fees	900,000	800,000
Unclaimed Dividend	16,731,169	-
Accrued Electricity Bill	228,687	438,209
Accrued Housing Allowance	500,002	750,004
Other Tax Payable	-	12,779,161
Refund Liabilities	600,000	600,000
	39,550,465	46,783,729

25 Provisions

Most of the provisions represent management's estimate of the Company's probable exposure to legal matters at the end of the year. The provisions have been stated under non-current liability because they are not expected to crystalize in the next one year.

	Year 2023 ₦	Year 2022 ₦
Balance at 1 January	87,000,000	89,000,000
Provisions used during the year	(2,000,000)	(2,000,000)
Balance at 31st December	85,000,000	87,000,000

26 Investments

	Year 2023 ₦	Year 2022 ₦
Balance at 1 January	6,400,000	5,820,000
Impairment loss	-	-
Balance at 31st December	6,400,000	5,820,000

The investment of ₦6.5 million (2m ordinary shares at ₦3.25 per share) in **Eunisell Interlinked Plc** was tested for impairment using FVTPL model and a cumulative impairment loss of ₦680,000 was recorded for year 2019 and year 2020 but no impaiment loss as at 31 December, 2023. Market price of the shares as at 31 December 2023 being ₦3.20k while the price as at 31 December 2022 was ₦2.91k/share.

In line with IFRS 9 the investment is measured at fair value in statement of financial position with changes recognized in the statement of profit or loss.

27 Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports to the Board of Directors on its activities.

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 periodically 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.

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2023

27 Risk management framework - Continued

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management in relation to the risks faced by the Company. The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and adhoc reviews of risk management controls and procedures, the results of which are reported to both senior management and the Audit Committee.

28 Contingencies

The Company is involved in a pending litigation in respect of a margin loan alleged to be obtained by the company in 2008 to trade in shares quoted on the Nigeria Exchange Limited. The amount being claimed by the investment managers is ₦73.6 million plus accrued interest. McNichols Consolidated Plc made a counter claim against the investment managers. The matter is currently on appeal and the directors of the company are of the opinion that the company will get favourable pronouncement from the courts. However the directors have chosen to exercise extra caution and therefore made a provision in the sum of ₦85 million to absorb any shocks that may arise from this matter.

29 Financial commitments

The directors are of the opinion that all known liabilities and commitments, which are relevant in assessing the company's state of affairs have been taken into account in the preparation of these financial statements.

30 Comparative figures

No comparative figures have been restated in line with the presentation in the current year.

31 Subsequent events

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

McNICHOLS CONSOLIDATED PLC

Other National Disclosures

Statement of Value Added
For the year ended 31st December, 2023

	Year 2023 ₦	%	Year 2022 ₦	%
Turnover	1,594,612,866		834,017,681	
Less: Bought in materials and services				
Local	(1,491,227,691)		(729,823,463)	
Other income	3,534,510		1,543,050	
Finance Income	17,919,293		14,379,922	
	124,838,978	100	120,117,190	100
Applied as follows:				
To employees:				
Salaries, Wages and Other Benefits (including that of Directors)	46,365,270	37	31,791,274	26
To provide for maintenance of assets	30,534,522	24	36,672,968	31
To pay taxes	10,264,716	8.22	5,807,460	4.83
To pay interest on borrowings and deposits	10,151,868	8	11,574,835	10
Retained profit for the year	27,522,602	22	34,270,653	29
	124,838,978	100	120,117,190	100

This statement represents the distribution of the wealth created through the use of the Company's assets through its own and employees' efforts.

McNICHOLS CONSOLIDATED PLC

Other National Disclosures

Five Year Financial Summary

	Year 2023 ₦	Year 2022 ₦	Year 2021 ₦	Year 2020 ₦	Year 2019 ₦
Funds Employed					
Share Capital	558,396,565	359,370,000	163,350,000	163,350,000	163,350,000
Share Premium	5,576,000	13,723,990	16,913,313	16,913,313	16,913,313
Retained Earnings	27,676,912	7,341,710	178,892,057	173,468,688	166,156,669
Shareholder's Fund	591,649,476	380,435,700	359,155,370	353,732,001	346,419,982
Current Liabilities	345,341,455	106,912,556	116,849,790	98,985,975	123,407,249
Non-current Liabilities	131,662,217	166,369,019	216,507,995	259,241,389	252,694,703
	1,068,653,149	653,717,275	692,513,154	711,959,366	722,521,934
Asset Employed					
Non Current assets	326,651,372	286,823,102	329,749,624	356,361,935	347,009,347
Current assets	742,001,777	366,894,173	362,763,530	355,597,431	375,512,587
Total assets	1,068,653,149	653,717,275	692,513,154	711,959,366	722,521,934
Turnover	1,594,612,866	834,017,681	773,559,018	732,091,283	643,380,590
Profit before tax	46,330,516	25,568,647	17,578,822	19,870,338	18,768,307
Taxation	(10,264,716)	(5,807,460)	(3,282,417)	(2,088,764)	(1,640,000)
Profit for the year	27,522,602	34,270,653	14,244,269	16,132,919	20,215,810
Total comprehensive income for the year	27,522,602	34,270,653	14,244,269	16,132,919	20,215,810
Basic/diluted earnings per share (kobo)	**2.46**	**4.77**	**4.36**	**4.95**	**6.20**
Dividend per share (kobo)	**1.00**	**3.00**	**3.00**	**3.00**	**3.00**
Net assets per share (Naira)	**0.53**	**1.10**	**1.10**	**1.08**	**1.06**