Berger Paints Nigeria Plc

Annual Report

31 December 2023

Contents

Corporate Information

Board of Directors:	Abi Ayida	-	Chairman
	Adekunle Olowokande	-	Non - Executive Director
	Raj Mangtani (Indian)	-	Non - Executive Director
	Ogechi Iheanacho	-	Non - Executive Director
	Erejuwa Gbadebo	-	Independent Non - Executive Director
	Aisha Umar	-	Independent Non - Executive Director
	Alaba Fagun	-	Managing Director

Company Secretary/Legal Adviser
Omolara Bello

Registered Office:
102, Oba Akran Avenue,
Ikeja, Industrial Estate
P.M.B. 21052, Ikeja, Lagos.

Contact Details
Mobile: +234 810 216 4586
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Email: customercare@bergerpaintnig.com
Website: www.bergerpaintsnig.com

Social Media Accounts
Facebook: https://www.facebook.com/Bergerpaintsng
LinkedIn: www.linkedin.com/company/berger-paints-nigeria-plc
X (formerly Twitter): https://twitter.com/Bergerpaintsng
Instagram: https://www.instagram.com/bergerpaintsng
You Tube: https://www.youtube.com/@bergerpaintsng

Investors Relation
Berger Paints Nigeria Plc. has a dedicated investors' portal on its corporate website which can be accessed via this link: www.bergerpaintsnig.com

The Company's Investors' Relations Officer can also be reached through electronic mail at: investors@bergerpaintnig.com; or telephone on:
+234 9037757191 for any investment related enquiry.

NSE Trading Information

Trading Name:	Berger Paints Nig. Plc. (Berger)
Ticker Symbol:	Berger
Sector:	Industrial Goods
Sub Sector:	Building Materials
Market Classification:	Main Board

Registration Number: RC: 1837

TIN 01335257-0001

FRC Registration Number: FRC/2012/0000000000295

Registrars:
Meristem Registrars Limited
213, Herbert Macaulay Way, Adekunle, Yaba, Lagos.
P.O. Box 51585, Falomo, Ikoyi, Lagos
Tel: 8920491, 8920492, 01-2809250-3
Email: info@meristemregistrars.com
Website: www.meristemregistrars.com

Independent Auditor:
KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street,
Victoria Island, Lagos
Tel: +234 1 271 8955 (or 8599)

Corporate Information

Bankers:	Access Bank Plc	Keystone Bank Limited
	Ecobank Nigeria Limited	Polaris Bank Limited
	Fidelity Bank Plc	Union Bank of Nigeria Plc
	First Bank of Nigeria Limited	United Bank for Africa Plc
	First City Monument Bank Limited	Wema Bank Plc
	Guaranty Trust Bank Plc	Zenith Bank Plc
	Heritage Bank Ltd	Sterling Bank Plc

Financial Highlights

In thousands of naira

	Group 2023	Company 2023	Company 2022	%
Revenue	7,967,546	7,910,181	6,331,634	25
Gross profit	2,708,169	2,696,120	2,005,318	34
Operating profit	751,277	774,744	386,022	101
Profit before taxation	776,316	799,783	355,579	125
Profit for the period	445,330	468,797	208,670	125
Share capital	144,912	144,912	144,912	-
Total equity	3,507,934	3,531,401	3,323,445	6
Data per 50k share				
Basic earnings per share (kobo)	154	162	72	125
Dividend declared (kobo)*		70	40	75
Net assets per share (Naira)	12	12	11	9
Market price per share as at period end (Naira)	13	13	6	118
Market capitalization as at period end	3,767,712	3,767,712	1,724,453	118
Dividend per 50k share in respect of current period results only				
Interim Dividend declared (kobo)**	-	20	-	
Final Dividend proposed (kobo)***	-	80	70	

* Dividend declared represent dividend proposed for the preceding year but declared during the current year.
** The Directors approved an interim dividend of 20 kobo during the year (2022: Nil) per share on issued share capital of 289,823,447 (2022: 289,823,447) ordinary shares of 50 kobo each to be ratified by shareholders at the next Annual General Meeting. The dividend has since been paid.
*** The Directors proposed a final dividend of 80 kobo (2022: 70 kobo) per share on issued share capital of 289,823,477 (2022: 289,823,447) ordinary shares of 50 kobo each, subject to approval by the shareholders at the Annual General Meeting.

Directors' Report

The Directors are pleased to present to the distinguished members this Annual Report, together with the Audited Consolidated and Seperate Financial Statements and the independent auditor's report for the year ended 31 December 2023. The Directors have considered all the matters brought before them in the financial year under review, and they are satisfied that the Directors' Report represents a fair, balanced and realistic view of events.

1. **Legal status**

   The Company was incorporated in Nigeria as a private limited liability company on 9 January, 1959 and was converted to a public limited liability Company in 1973. The Company's shares were quoted on the Nigerian Stock Exchange with effect from 14 March 1974.

   The Company incorporated a Subsdiary, Swift Painting Nigeria Limited, on 9 April 2022.

2. **Principal activities**

   The principal activities of the Company remained the manufacturing and marketing of paints and allied products. The Company also holds an investment property.
   The principal activity of the subsidiary is rendering of professional painting services with the use of modern technology. They also provides technical support, trained applicators, mechanized tools and advanced products for cleaner and better paint results in homes, offices and factories.

3. **Operating results**

   Information relating to changes during the year is indicated in the notes to the financial statements. The summary of the results is as follows:

In thousands of naira	2023		2022
	Group	**Company**	**Company**
Revenue	7,967,546	7,910,181	6,331,634
Operating profit	751,277	774,744	386,022
Profit before minimum tax	776,316	799,783	387,790
Profit before income tax	776,316	799,783	355,579
Profit for the year	445,330	468,797	208,670
Total comprehensive income for the year	445,330	468,797	208,670

4. **Dividend**

   The directors are pleased to recommend to shareholders the payment of a final dividend of 80 kobo per share for the 2023 financial year (2022: 70 kobo per share) which amounts to ₦231,858,757.60 (2022: ₦202,876,413), subject to the approval of the members at the Annual General Meeting. If approved, the dividend is payable less withholding tax to all members whose names appear in the Company's Register of members as at the close of business on April 16, 2024. The directors seek ratification by the members for the interim dividend of 20 kobo per share (2022: Nil) in the amount of N57,964,689.40, approved by the Board and paid during the year.

5. **Corporate Governance**

   Whistleblowing

   The Board encourages the exposure of unethical practices and all reported cases are investigated while the whistle blower is protected. Our Whistle Blowing Policy is displayed throughout our premises and on our website. Berger Paints Nigeria Plc. conducts its business with integrity and diligence and with total consideration for the interest of the shareholders and other stakeholders.

Directors' Report

Respect For Law

Berger Paints Nigeria Plc. ensures that its existence and operations remain within the law and its employees are required to comply with the laws and regulations of Nigeria. To this end, the Company has a Code of Ethics which is publicly available and subscribed to by directors, staff and contractors. The Company, being a listed Company strives to comply with all laws and regulations, including post-listing requirements of the Nigerian Stock Exchange and the Rules and Regulations of the Securities and Exchange Commission, as well as the Code of Corporate Governance. To this end, returns were made periodically to the relevant regulatory authorities as and when due.

Role In The Larger Society

Berger Paints Nigeria Plc. remains undisputedly, a leading paints manufacturer in this country, and as an integral part of the Nigerian society, the Company plays numerous roles. Apart from being a major employer of labour, Berger Paints is a supplier, a partner as well as a willing and uncompromising taxpayer. In doing all these, the Company impacts on the society in no small way. The Company's relationship with the shareholders and stakeholders is cordial and objective.

Integrity

The Company strives to maintain the highest standards of integrity in its operations. Accordingly, the Company condemns and does not give nor receive directly or otherwise any bribes, gratifications or obtain improper advantages for any business or financial gains. It is our policy to avoid any situation that will impact negatively on our operations.

6. **Board of directors**

(i) Composition of the Board and Attendance at Meetings

During the year under review, the Company was managed by a Board of seven (7) Directors consisting of two (2) Independent Non-Executive Directors, four (4) Non-Executive Directors (which included the Chairman) and one (1) Executive Director (i.e. the Managing Director). The Board met five (5) times in 2023. In compliance with Section 284(2) of the Companies and Allied Matters Act, 2020, the Record of Directors' attendance at Board meetings is exhibited for inspection at the meeting. It is summarised hereunder:

S/N	Name	24-Jan-23	28-Mar-23	26-Jul-23	24-Oct-23	23-Nov-23	No. (5)
1	Mr. Abi Ayida	P	P	P	P	P	5
2	Mr. Adekunle Olowokande	P	P	P	P	P	5
3	Dr. Ogechi Iheanacho	P	P	P	P	P	5
4	Mr. Raj Mangtani	P	A	A	A	P	2
5	Mrs. Erejuwa Gbadebo	P	P	P	P	P	5
6	Mrs. Aisha Umar	P	P	P	P	P	5
7	Mrs. Alaba Fagun	P	P	P	P	P	5

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Directors' Report

(ii) **Board Changes**

Appointment Process - The Board appointment process is guided by an ethical and transparent process in line with best practices and extant regulations. Directors are selected on the basis of skills, expertise and experience, among other considerations. The Board Establishment, Remuneration and Governance Committee is saddled with the responsibility of identifying, considering and recommending potential directors to the Board. Upon confirmation by the Board, they are thereafter presented to the shareholders for approval.

During the year under review, Mrs. Erejuwa Gbadebo and Mrs. Aisha Umar retired by rotation and were re-elected by the Shareholders at the 2023 Annual General Meeting.

(iii) **Board Training**

Directors have the opportunity to attend programs, relating to governance and business practices, as part of their continuing education. For the 2023 financial year, the directors attended the following trainings:

- Securities and Exchange Commission (SEC) facilitated training on Internal Control over Financial Reporting.
- Institute of Directors (IoD) facilitated training on Challenge of Building Value Creating Boards.

(iv) **Directors retiring by rotation**

The Directors retiring by rotation in accordance with the Companies and Allied Matters Act 2020 are Mr. Abi Ayida and Mr. Adekunle Olowokande who, being eligible, offer themselves for re-election.

(v) **Directors' interest in shares as at 31 December 2023**

The interests of each Director in the shares of the Company, as at 31st December 2023, as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 301 of the Companies and Allied Matters Act, 2020, and disclosed in accordance with the Listing Rules of Nigerian Stock Exchange are as stated below, along with their interests in contracts:

Director	Direct 31 Dec, 23	Direct 31 Dec, 22	Indirect 31 Dec, 23		Indirect 31 Dec, 22		Interest in Contracts
Mr. Abi Ayida	625,601	625,601	Jurewa Investment	16,685,111	Jurewa Investment	16,685,111	None
			Alemaje and Company Limited	16,315,506	Alemaje and Company Limited	16,315,506	
Mr. Adekunle Olowokande	197,965	197,965	Nil		Nil		None
Dr. Ogechi Iheanacho	100,000	Nil	Nil		Nil		None
Mr. Raj Mangtani	Nil	Nil	Nil		Nil		Raw materials and product formulation, through Emychem Nigeria Ltd.
Mrs. Erejuwa Gbadebo	Nil	Nil	Nil		Nil		None

Directors' Report

(v) **Directors' interest in shares as at 31 December 2023 (cont'd)**

Director	**Direct 31 Dec, 23**	**Direct 31 Dec, 22**	**Indirect 31 Dec, 23**	**Indirect 31 Dec, 22**	**Interest in Contracts**
Mrs. Aisha Umar	Nil	Nil	Nil	Nil	None
Mrs. Alaba Fagun	Nil	Nil	Nil	Nil	None

(vi) **Directors' Responsibilities**

Berger Paints is committed to the highest ethical standards and best practices. The Board actively monitors the operations of the Company and is also responsible for safeguarding the assets of the Company by taking reasonable steps for the prevention/detection of fraud and other irregularities. The Directors are responsible for the preparation of financial statements which give a true and fair view of the state of affairs of the Company at the end of each financial year, and of the profit or loss for that year, in compliance with the Companies and Allied Matters Act, 2020. In so doing, the Directors ensure that:

- Proper accounting records are kept which disclose with reasonable accuracy, the financial position of the Company and which ensure that Financial Statements comply with the requirements of the Companies and Allied Matters Act, 2020;
- Appropriate internal control procedures are established which, as far as is reasonably possible, safeguard the assets of the Company, prevent and detect fraud and other irregularities;
- Applicable accounting standards are followed;
- Suitable accounting policies are adopted, consistently applied and supported by reasonable judgments and estimates; and
- The financial statements are prepared on a going concern basis, unless it is presumed that the Company will not continue in business.

7. **Board committees**

In alignment with extant codes of corporate governance, the Board Finance & General-Purpose Committee, Board Establishment, Remuneration & Governance Committee and Board Audit, Strategy & Risk Management Committee were in operation as at December 31 2023. The Board worked through these Committees, all of which were guided by Charters containing their terms of reference. The terms of reference of the Committees are summarized below, in addition to the record of directors' attendance:

Board Committees – Terms of Reference/Attendance at Meetings

Finance & General Purposes Committee: Review of financial statements, and monitoring of financial plans. The responsibilities of the committee are to:

1 Consider and review the Company's financial performance, including significant capital allocations and expenditures.
2 Review debts owed to the Company and recovery efforts made by Management.
3 Review management accounts, forecasts and other financial statements.
4 Consider and review reports from the Management on stock of raw materials and finished products and strategies to keep these within approved limits.
5. Review, endorse and recommend for Board approval, the establishment and review of investment policy and procedure.
6 Consider and review reports on the Company's investments and ensure that all investment activities are guided by the investment policy.

Directors' Report

Finance & General Purposes Committee (cont'd)

7 Oversee the administration, effectiveness and compliance with the Company's investment policies through the review of the processes and report to the Board on recommendations of the Management on placement proposals.

8 Consider and review the annual budget and ensure that expenditure is within the approved budget.

9 Recommend for Board approval, the dividend policy, including nature and timing.

10 Ensure that an effective tax policy is implemented.

11 Handle other duties and responsibilities delegated to the Committee by the Board.

The schedule of attendance at the meetings of the Committee for the year is detailed below:

S/N	Name	17-Jan-23	14-Mar-23	20-Apr-23	17-Jul-23	12-Oct-23	16-Nov-23	No. (6)
1	Mr. Adekunle Olowokande (Chair)	P	P	P	P	P	P	6
2	Mr. Raj Mangtani	P	P	P	A	P	P	5
3	Mrs. Aisha Umar	P	P	P	P	P	P	6
4	Mrs. Alaba Fagun	P	P	P	P	P	P	6

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Establishment, Remuneration & Governance Committee: The responsibilities of the committee are:

1 Review and recommend to the Board for approval, proposals on recruitment, promotion and employment termination of senior officers on Manager grade and above;

2 Consider and make recommendations to the Board for approval of disciplinary action to be carried out against senior officers from Manager grade and above;

3 Consider and make recommendations to the Board for approval on the organizational structure, remuneration policy and policies covering the evaluation compensation and provision of benefits to employees and any other human capital issues;

4 Consider and make recommendations to the Board for approval on the Company's policy on Health and Safety at work and any proposed amendments;

5 Consider and make recommendations to the Board for approval on the Company's human resource strategies and compensation Policy.

6 Make recommendations to the Board regarding the remuneration, of the Board and its committees.

7 Assess the effectiveness of the corporate governance framework.

8 Consider and make recommendations to the Board on composition and the experience required by Board committee members, committee appointments and removal, operating structure, reporting and other Committee operational matters.

9 Consider and make recommendations to the Board on appointment and re-election of directors (including the CEO).

10 Ensure that all new directors receive a formal letter of appointment specifying their tenure, responsibilities, board committee involvement and other relevant details.

11 Ensure the Board composition includes at least three (3) Independent Directors.

Directors' Report

Establishment, Remuneration & Governance Committee (cont'd)

12 Ensure that new directors receive a formal induction program to familiarize them with BPN's business, strategy and operations, enhance the discharge of their fiduciary duties, responsibilities, and understand their powers and potential liabilities.

13 Ensure the development and implementation of an annual training plan for continuous education of all Board members which will provide for periodic briefings on relevant laws and regulations to Board members.

14 Ensure the development and implementation of an annual training plan for continuous education of all Board members which will provide for periodic briefings on relevant laws and regulations to Board members.

15 Review and make recommendations to the Board for approval of the terms and conditions of employment of Company's staff, its staff handbook and any proposed amendment.

16 Ensure the performance evaluation of the CEO is performed by the Board on an annual basis and formal feedback provided to the CEO.

17 Nominate independent consultants to conduct annual review/appraisal of the performance of the Board and make recommendations to the Board in this regard. This review/appraisal should cover all aspects of the Board's structure, composition, responsibilities, individual competencies, board operations, board's role in strategy setting, oversight over corporate culture, monitoring role and evaluation of management performance and stewardship to shareholders.

The schedule of attendance at the meetings of the Committee for the year are detailed below:

S/N	Name	12-Jan-23	2-May-23	13-Jul-23	13-Oct-23	No. (4)
1	Mrs. Erejuwa Gbadebo (Chair)	P	P	P	P	4
2	Dr. Ogechi Iheanacho	P	P	P	P	4
3	Mrs. Aisha Umar	P	P	P	P	4
4	Mr. Raj Mangtani	P	P	P	P	4

P - Present

Audit, Strategy & Risk Management Committee: The responsibilities of the committee are to:

1 Review the audited and unaudited accounts of the Company. It is also responsible for overseeing the Company's long-term strategy, risks.
2 Consider reports from the Internal Auditor and making recommendations to the Board on the internal control framework.
3 Review and monitor the Company's strategic plan to ensure viability and appropriate milestones.
4 Consider the viability of all major strategic initiatives and investments.
5 Review and monitor the Company's strategic plan to ensure viability and appropriate milestones.
6 Consider the viability of all major strategic initiatives and investments.
7 Monitor changes and trends in the business environment.
8 Review the adequacy and effectiveness of risk management and controls.
9 Evaluate and Assess the Company's risk management framework, including Management's process for the identification, prevention and reporting of significant risks.

Directors' Report

Audit, Strategy & Risk Management Committee

10 Review the Company's compliance level with laws and regulatory requirements that may impact the Company's risk profile.
11 Review the policy framework and ensure that the appropriate policies are in place.
12 To drive engagements with key stakeholders
13 Perform such other duties and responsibilities delegated to the Committee by the Board.
14 Develop the Company's Corporate Social Responsibility policy.
15 Constructively challenge Management's assumptions and contribute to the development of the Group's strategy and performance objectives.
16 Understand, identify and discuss with management the key issues, assumptions, risks and opportunities relating to the development and implementation of the Company's strategic thrusts.
17 Arrange an annual strategy retreat for the Board and management, ensuring that the Board retains sufficient knowledge of BPN's businesses in order to provide strategic input and identify any critical strategic discontinuities in management's assumptions and planning premises.
18 Review the resources made available by Management including business plans and financial, operational and human resources required to implement the agreed strategy.
19 Critically evaluate and make recommendations to the Board for approval of BPN's business strategy, at least annually.
20 Periodically engage Management on informal dialogue and act as a sounding Board on strategic issues.
21 Regularly review strategic planning and implementation monitoring process.
22 Review and make recommendations to the Board for the approval of the Group's organizational structure and any proposed amendments.

The schedule of attendance at the meetings of the Committee for the year are detailed below:

S/N	Name	19-Jan-23	24-Mar-23	20-Jul-23	26-Sep-23	17-Oct-23	No. (5)
1	Dr. Ogechi Iheanacho	P	P	P	P	P	5
2	Mr. Adekunle Olowokande	P	P	P	P	P	5
3	Mrs. Erejuwa Gbadebo	P	P	P	P	P	5

P - Present

8. **Statutory Audit committee**

Within the year under review, the Audit Committee comprised of two non-executive directors and three (3) shareholders' representatives. The Committee, in the conduct of its affairs as stipulated in Section 404 of the Companies and Allied Matters Act (CAMA), 2020, reviewed the overall risk management and control systems, as well as financial reporting procedures and standards of business conduct of the Company. In the performance of their duties, the members had direct access to both the Internal Auditors and the External Auditors. The Committee met five (5) times in 2023 as detailed below.

The schedule of attendance at the meetings of the Committee for the year are detailed below:

Directors' Report

8. **Statutory Audit committee (cont'd)**

S/N	Name	23-Mar-23	25-Jul-23	20-Oct-23	8-Nov-23	8-Dec-23	No. (5)
1	Mr. Chibuzor Eke (Chairman)	P	P	P	P	P	5
2	Mrs. Mary Shofolahan	P	P	P	P	P	5
3	Mr. Taiwo Afinju	P	P	P	P	P	5
4	Dr. Ogechi Iheanacho	P	P	P	A	P	4
5	Mr. Adekunle Olowokande	P	P	P	P	P	5

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9. **Donations and gifts**

In compliance with Section 43 (2) of the Companies & Allied Matters Act (CAMA), 2020, the Company did not make any donations to any political party, political association or for any political purpose during the year under review (2022: Nil). Donations made during the year amounted to ₦1,046,858.39 (2022: ₦694,002) as shown below:

Beneficiary	Purpose	Amount
Eva Adelaja Secondary School	Painting of School Laboratory	496,858
Mrs Ike Ogarakwu	Teachers Day Reward Winner	150,000
Mrs Titilope Akinfolayan	Teachers Day Reward Winner	150,000
Mrs. Ifeoma Chukwuka	Teachers Day Reward Winner	150,000
Children's Art Gallery	Donation	100,000
Total		**1,046,858**

10. **Quality policy and innovation**

Berger Paints Nigeria Plc remains a forward-looking organization, which places premium on quality products. The Company is committed to improving quality through the use of identified processes, which are constantly monitored to meet approved international and local standards. These carefully monitored processes make it imperative that only high quality paints are produced and marketed by the Company. In recognition of the above, the Company was awarded the latest International Standard Certification ISO 9001:2015.

11. **Risk management policy**

There is an effective internal audit function, in addition to which the risk management control and compliance system operates efficiently. An Enterprise Risk Management Framework has been approved by the Board and implemented by Management. The objectives of the Company's risk management policy are;

- Maximise the benefit from new opportunities, challenges and initiatives
- Avoid damage to our reputation
- Take appropriate risks for appropriate return while improving shareholders' value
- Prioritising effectively between different risks

Directors' Report

11. **Risk management policy (cont'd)**
    - Demonstrate good corporate governance by managing our risks effectively

12. **Safety and environment policy**

Health & Safety

The safety of our employees is a priority. The Company has taken every precaution to provide a safe workplace and there is a zero tolerance policy for workplace violence. Our operations and procedures are regularly certified by both state and federal regulatory agencies. Accidents are investigated, and corrective actions put in place to forestall future occurrences.

The Company has developed a number of policies to promote safety and minimize accidents in the workplace, and it ensures the safety of its staff and visitors through various means including:

- Ensuring that plant equipment are adequately maintained to prevent accidents.
- Using up to date methods to control hazards inherent in our operations.
- Providing personal protective equipment and enforcing its usage
- Ensuring that safe work procedures are followed
- Ensuring that jobs are awarded only to contractors with laudable safety performances
- Ensuring that the working environment is clean, tidy and conducive
- Implementing an effective emergency management program so as to minimize adverse impact on human and the environment, in case of emergencies; and
- Continuously training employees to create safety consciousness.

Sustainability

Part of the fulfilment of our environmental friendliness practice is to conduct a periodic environmental audit to monitor the significant environmental aspects of our operations and put in place controls that will minimize or eliminate their adverse impact on the environment. The Company also complies with all environmental laws and strives to minimize environmental impact associated with our activities through:

- The use of modern technology and expertise to reduce environmental pollution
- Conservation of resources in a cost effective manner
- The proper disposal or recycle of waste; and
- The assessment of the adverse impact of our raw materials or new products on both humans and the environment.

Wellbeing, diversity and other human resource policies

The Company’s policy on managing diversity recognizes that there are differences among employees and that harnessing these differences create a productive environment in which everyone feels valued, their talents utilized and organizational goals met. We have also created an enabling environment where patterns of thinking are nurtured as a way of developing our employees as agents of change. Berger Paints Nigeria Plc. is committed to providing employment for people with physical challenges who are able to work. As at the end of the year, there was no physically challenged person in the employment of Berger Paints Nigeria Plc (2022: Nil).

Directors' Report

Wellbeing, diversity and other human resource policies (cont'd)

We also have a policy on HIV/AIDS and other serious diseases which aims to reassure employees that AIDS is not spread through casual contact during normal work practices and also to reduce unrealistic fears about contacting the certain diseases in the work place.

Partnership, representation and dialogue are encouraged through staff associations. Our Talent Management Policy and the Technical Sales Trainee Scheme are examples of a commitment to continuous development of the skills and abilities of employees in order to maximize their contribution.

The Company is fully compliant with the provisions of the revised Pension Reform Act, 2014. Berger Paints staff enjoy highly subsidized meals served in a hygienically maintained canteen. The Company believes that productivity emanates from a healthy mind in a healthy body.

13. **Berger Business Partners**

The Company has numerous business partners and dealers all over the country who have contributed to the turnover and to whom the Company remains grateful. Our Berger Business Partners are detailed in the Annual Report.

Suppliers

Overseas: The bulk of overseas purchases of raw materials were made from:

1 Transmare Chemie
2 Oliver+Batlle

Local: In addition, local purchases were made from the following indigenous companies:

1 Amoke Oluwo & Sons
2 Avon Crowncaps & Containers Nig. Plc
3 Chizzy Nig Ltd.
4 Cormat Nig Ltd.
5 Didoboss International Company
6 Emychem Nigeria Limited
7 Falcon Chemicals Ltd.
8 Glister Success Ltd.
9 Lexcel Products & Packaging Ltd.
10 Mathsix Mega Investment Ltd.
11 Melvyn Nickson Nigeria Limited
12 Metoxide (Nigeria) Ltd.
13 Nagode Industries Ltd.
14 Nycil Ltd.
15. Onokeno Business Venture
16. Orkila Chemicals Limited
17. Phobica Chemicals Ltd.
18. Regatta Industries Ltd.
19. Remfemlaby Nig Enterprises
20. Robinson Ventures Ltd.
21. Samking Chemical Ltd.
22. Somaluck Chemical & Products Venture
23. Sudunni Nig Ltd.
24. Trisa Nig. Ltd.
25. Wahum Pkg Ltd.
26. Whitex Industries (Nigeria) Limited
27. Zadema Ventures

Directors' Report

14. **Independent auditor**

Messrs. KPMG Professional Services, having satisfied the relevant corporate governance rules on their tenure in office have concluded their tenure as auditors to the Company. The firm of Pannell Kerr Forster was appointed as auditors on 22 November 2023 and has indicated their willingness to commence their tenure in office as independent auditors to the Company. In accordance with section 401(2) of the Companies and Allied Matters Act (CAMA), 2020 therefore, the new auditor will be appointed at the next annual general meeting of the Company without any resolution being passed.

15. **Compliance with regulatory requirements & Company policies**

The Company in the year under review did not contravene the rules of any of the regulatory authorities and did not receive any sanctions. The Company has adopted a policy regulating the procedure for handling shareholders' complaints, as well as a policy on trading in the Company's shares. These can be found on the Company's website at www.bergerpaintsnig.com.

16. **Responsibility for Accuracy of Information**

Pursuant to Article 2.2.4 of the Amended Listing Rules 2015 of the Nigerian Stock Exchange, the directors accept responsibility for the accuracy of the information contained in this report.

17. **Subsequent Events**

Other than as disclosed in Note 34 there were no other significant events that could have had a material effect on the financial statements as at 31 December 2023.

BY ORDER OF THE BOARD

Omolara Bello
Company Secretary/ Legal Adviser
28 March 2024
FRC/2019/NBA/00000019782

Report of the Audit Committee

In compliance with the provisions of Section 404 (4) of the Companies and Allied Matters Act, 2020 (Act), we, the members of the Audit Committee of Berger Paints Nigeria Plc., having carried out our statutory functions under the Act hereby report that:

1. The scope and planning of both the external and internal audit programs for the year ended 31 December, 2023 were adequate in our opinion.
2. The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.
3. The systems of internal control were constantly and effectively monitored.
4. Having reviewed the External Auditors' findings and recommendations on Management matters, we are satisfied with Managements' response thereon.

Finally, we acknowledge the cooperation of Management in the conduct of these duties.

The members of the Audit Committee for the 2023 financial year were:

	<u>Members of the Committee</u>		
1	Mr. Chibuzor Eke	-	Shareholder Representative/Chairman
2	Mrs. Mary Joke Shofolahan	-	Shareholder Representative/Member
3	Mr. Taiwo Afinju	-	Shareholder Representative/Member
4	Dr. Ogechi Iheanacho	-	Non-Executive Director/Member
5	Mr. Adekunle Olowokande	-	Non-Executive Director/Member

The Company Secretary /Legal Adviser, Omolara Bello served as the Secretary to the Committee.

Dated March 26, 2024

Mr. Chibuzor Eke
Chairman, Audit Committee
FRC/2013/PRO/AUDITCOM/002/00000004670

Statement of Directors' Responsibilities for the Preparation and Approval of the Consolidated and Separate Financial Statements for the Year Ended 31 December 2023

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Abi Ayida
Chairman
FRC/2019/IODN/00000019260
March 28, 2024

Adekunle Olowokande
Director
FRC/2019/IODN/00000019259
March 28, 2024

Statement of Corporate Responsibility for the Consolidated and Separate Financial Statements for the Year Ended 31 December 2023

Further to the provisions of section 405 of the CAMA 2020, we, the Managing Director and Chief Financial Officer, hereby certify the consolidated and separate financial statements of Berger Paints Nigeria Plc for the year ended 31 December 2023 as follows:

a) That we have reviewed the audited consolidated and separate financial statements of Berger Paints Nigeria Plc (the "Company") and its subsidiary (together, "the Group") for the year ended 31 December 2023.

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

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

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

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

f) That we have disclosed the following information to the Company's Auditors and Audit Committee:

i. All significant deficiencies in the design or operation of the internal control system which are reasonably likely to adversely affect the Group and Company's ability to record, process, summarize and report financial data.

ii. There is no fraud that involves management or other employees who have significant role in the Group's internal control.

Alaba Fagun	**Onyebuchi Roberts**
Managing Director	Chief Financial Officer
FRC/2023/PRO/DIR/003/234540	FRC/2013/PRO/ICAN/001/00000002109
March 28, 2024	March 28, 2024

Management's Report on the Effectiveness of Internal Control over Financial Reporting as of 31 December 2023.

The management of Berger Paints Nigeria Plc ("the Company") is responsible for establishing and maintaining adequate internal control over financial reporting as required by the Securities and Exchange (SEC) Act, 2007 and the Financial Reporting Council (Amendment) Act, 2023.

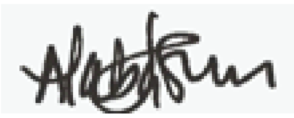
The management of Berger Paints Nigeria Plc assessed the effectiveness of the internal control over financial reporting of the Company and its subsidiary (together "the Group") as of 31 December 2023 using the criteria set forth by Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and in accordance with the SEC Guidance on Implementation of Section 60 to 63 of Investments and Securities Act 2007.

As of 31 December, 2023, the management of Berger Paints Nigeria Plc did not identify any material weakness in its assessment of the internal control over financial reporting. As a result, management has concluded that as of 31 December 2023, the Group's internal control over financial reporting was effective.

Berger Paints Nigeria Plc independent auditor, KPMG Professional Services who audited the consolidated and separate financial statements included in the Annual Report, issued an unmodified conclusion on the effectiveness of the Group's internal control over financial reporting as of 31 December, 2023 based on the limited assurance engagement performed by them. KPMG Professional Services' limited assurance report appears on pages 23-24 of the Annual Report.

Changes in Internal Control Over Financial Reporting

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



Alaba Fagun
Managing Director
FRC/2023/PRO/DIR/003/234540
March 28, 2024

Onyebuchi Roberts
Chief Financial Officer
FRC/2013/PRO/ICAN/001/00000002109
March 28, 2024

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

We, Alaba Fagun and Onyebuchi Roberts certify that:

a) We have reviewed the 2023 Annual Report of Berger Paints Nigeria Plc ('the Company') and its subsidiary (together "the Group')

b) Based on our knowledge, the 2023 Annual Report of Berger Paints Nigeria Plc does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

c) Based on our knowledge, the financial statements, and other financial information included in this Annual Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Group and the Company as of 31 December 2023, presented in this report;

d) Berger Paints Nigeria Plc certifying officers:
   - i) are responsible for establishing and maintaining internal controls;
   - ii) have designed such internal controls and procedures, or caused such internal controls and procedures to be designed under our supervision, to ensure that material information relating to Berger Paints Nigeria Plc, and its consolidated subsidiary, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   - iii) have designed such internal control system, or caused such internal control system to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of annual report for external purposes in accordance with generally accepted accounting principles;
   - iv) have evaluated the effectiveness of the company's internal controls and procedures as of a date within 90 days prior to the date of the financial statements and presented in this report our conclusions about the effectiveness of the internal controls and procedures, as of 31 December, 2023 covered by this report based on such evaluation.

e) Berger Paints Nigeria Plc certifying officers have disclosed, based on our most recent evaluation of internal control system, to the Company's auditors (KPMG Professional Services) and the audit committee that;
   - i) All significant deficiencies in the design or operation of the internal control system which are reasonably likely to adversely affect Berger Paints Nigeria Plc's ability to record, process, summarize and report financial information; and
   - ii) There was no fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control system.

f) Berger Paints Nigeria Plc certifying officers have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of their evaluation including any corrective actions with regard to deficiencies noted.

Alaba Fagun
Managing Director
FRC/2023/PRO/DIR/003/234540
March 28, 2024

Onyebuchi Roberts
Chief Financial Officer
FRC/2013/PRO/ICAN/001/00000002109
March 28, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Berger Paints Nigeria Plc.

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion
We have audited the consolidated and separate financial statements of Berger Paints Nigeria Plc. ("the Company") and its subsidiary (together, "the Group"), which comprise:

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

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

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with International Ethics Standards Board for Accountants *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Nigeria and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Revenue Recognition
Revenue recognized impacts the key performance indicators on which the Company and its Directors are assessed. Its significance makes revenue a matter of focus in our audit. Furthermore, the recognition and measurement of revenue from rendering painting services to customers require the application of judgement by management in the estimation of the percentage of completion of individual contracts as at year-end. The significance of the amount involved makes this a key audit matter in the separate financial statements.

How the matter was addressed in our audit:
Our audit procedures included the following:

- We evaluated the design, implementation and operating effectiveness of key controls established within the revenue process;
- We selected a sample of revenue transactions using statistical sampling methods and agreed to invoices and waybills.
- We assessed the accuracy of a sample of sales returns and rebates by checking them to supporting documentation such as approved credit notes to customers;

- We assessed the Company's basis for recognition and measurement of revenue from contract services rendered to customers by recalculating the proportion of cost incurred relative to the total expected cost;
- We selected a sample of transactions occurring prior to and immediately after year-end using statistical sampling technique and checked that they have been recognized in the appropriate financial period;
- We tested the existence of a sample of revenue transactions by agreeing to Bank statements.
- We assessed the adequacy of revenue disclosures by ensuring the information is in line with the required standards.

The Company's accounting policy and notes on revenue are shown in Notes 3(K) and 5 respectively of the accompanying financial statements.

Other Information

The Directors are responsible for the other information. The other information comprises the Financial Highlights, Directors Report, Report of the Audit Committee, Statement of Directors' Responsibilities for the preparation and approval of the financial statements, Statement of Corporate Responsibility for the consolidated and separate Financial Statements, Certification of Management's Assessment of Internal Control over Financial Reporting, Management's Report on the Effectiveness of Internal Control over Financial Reporting and Other National Disclosures which we obtained prior to the date of this auditors' report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Other information also includes financial and non-financial information such as the Mission Statement, Vision Statement, Shared Values, Corporate Profile, Board of Directors, Directors' Profile, Chairman's Statement, Notice of Annual General Meeting, Shareholders' information, Corporate Social Responsibility, Responsibility Activities together the "Outstanding reports", which are expected to be made available to us after that date.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have 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 regard.

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

KPMG

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

Report on Other Legal and Regulatory Requirements
Compliance with the requirements of Schedule 5 of the Companies and Allied Matters Act (CAMA), 2020.

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

Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting
In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of 31 December 2023. The work performed was done in accordance with ISAE 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 31 March 2024. The report is included on page 23-24 of the annual report.

Signed:

Omolara O. Ogun, FCA
FRC/2012/ICAN/00000000412
For: KPMG Professional Services
Chartered Accountants
31 March 2024
Lagos, Nigeria

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Independent Auditor's Limited Assurance Report

To the Shareholders of Berger Paints Nigeria Plc

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

Conclusion

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

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

Basis for conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) *3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by the International Auditing and Assurance Standards Board (IAASB) and the Financial Reporting Council of Nigeria Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. Our responsibilities are further described in the "Our responsibilities" section of our report.
We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

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

Other matter

We have audited the consolidated and separate financial statements of Berger Paints Nigeria Plc in accordance with the International Standards on Auditing, and our report dated 31 March 2024 expressed an unmodified opinion of those consolidated and separate financial statements. Our conclusion is not modified in respect of this matter.

Responsibilities for Internal Control over Financial reporting

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

Our responsibilities

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

<u>Summary of the work we performed as the basis for our conclusion.</u>

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

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

Definition and Limitations of Internal Control Over Financial reporting

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

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

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

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

Signed:

Omolara O. Ogun, FCA
FRC/2012/ICAN/00000000412
For: KPMG Professional Services
Chartered Accountants
31 March 2024
Lagos, Nigeria

Separate and Consolidated Statements of Financial Position

As at 31 December 2023

In thousands of naira

		Group *	Company	Company
		31-Dec-23	31-Dec-23	31-Dec-22
Assets	**Notes**			
Property, plant and equipment	14(a)	2,514,306	2,500,019	2,400,715
Right of use asset	14(f)	18,347	18,347	50,651
Intangible assets	15	17,602	17,602	27,827
Tax assets	11(c)ii.	-	-	42,050
Investment property	16	341,514	341,514	361,874
Investment in subsidiary	29	-	20,000	-
Total non-current assets		2,891,769	2,897,482	2,883,117
Inventories	17	2,148,260	2,148,260	1,366,787
Trade and other receivables	18(a)	297,129	310,035	243,351
Deposit for imports	19	46,601	46,601	87,925
Prepayments and advances	20	153,433	153,433	91,763
Other financial assets	22	257,122	257,122	359,747
Cash and cash equivalents	21	802,287	798,037	495,838
Total current assets		3,704,832	3,713,488	2,645,411
Total assets		**6,596,601**	**6,610,970**	**5,528,528**
Equity				
Share capital	23(a)	144,912	144,912	144,912
Share premium	23(b)	635,074	635,074	635,074
Retained earnings		2,727,948	2,751,415	2,543,459
Total equity		3,507,934	3,531,401	3,323,445
Liabilities				
Loans and borrowings	26	322,815	322,815	-
Deferred income	25	166,138	166,138	59,005
Deferred taxation	11(d)	533,748	533,748	455,882
Total non-current liabilities		1,022,701	1,022,701	514,887
Loans and borrowings	26	22,403	22,403	25,131
Current tax liabilities	11(c)	184,330	184,330	14,759
Trade and other payables	24	1,418,884	1,409,786	1,226,474
Deferred income	25	58,068	58,068	33,036
Dividend payable	27	382,281	382,281	390,796
Total current liabilities		2,065,966	2,056,868	1,690,196
Total liabilities		3,088,667	3,079,569	2,205,083
Total equity and liabilities		**6,596,601**	**6,610,970**	**5,528,528**

These financial statements were approved by the Board of Directors on 28 March, 2024 and signed on its behalf by:

Abi Ayida (FRC/2019/IODN/00000019260)
Chairman

Alaba Fagun (FRC/2023/PRO/DIR/003/234540)
Director

Additionally certified by:

Onyebuchi Roberts (FRC/2013/PRO/ICAN/001/00000002109)
Chief Finance Officer

** There is no comparative information for the Group as 31 December 2023 is the first year of consolidation.*
The accompanying notes form an integral part of these consolidated and separate financial statements

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

For the year ended 31 December 2023

In thousands of naira	**Notes**	**Group ***	**Company**	**Company**
		31-Dec-23	**31-Dec-23**	**31-Dec-22**
Revenue	5	7,967,546	7,910,181	6,331,634
Cost of sales	9(a)(ii)	(5,259,377)	(5,214,061)	(4,326,316)
Gross profit		**2,708,169**	**2,696,120**	**2,005,318**
Other income	6	83,985	83,985	92,534
Selling and distribution expenses	9(a)(ii)	(526,991)	(525,909)	(316,082)
Administrative expenses	9(a)(ii)	(1,558,452)	(1,524,018)	(1,384,169)
Operating profit before impairment charges		**706,711**	**730,178**	**397,601**
Writeback/(impairment) of receivables	8	44,566	44,566	(11,579)
Operating profit		**751,277**	**774,744**	**386,022**
Finance income	7	53,458	53,458	17,319
Finance costs	7	(28,419)	(28,419)	(15,551)
Net finance income		**25,039**	**25,039**	**1,768**
Profit before minimum tax		**776,316**	**799,783**	**387,790**
Minimum tax expense	12	-	-	(32,211)
Profit before income tax	8	**776,316**	**799,783**	**355,579**
Income tax expense	11(a)	(330,986)	(330,986)	(146,909)
Profit for the year		**445,330**	**468,797**	**208,670**
Other comprehensive income				
Other comprehensive income for the period		-	-	-
Total comprehensive income for the year		**445,330**	**468,797**	**208,670**
Earnings per share:				
Basic and diluted earnings per share (kobo)	13	154	162	72

* *There is no comparative information for the Group as 31 December 2023 is the first year of consolidation.*

The accompanying notes form an integral part of these consolidated and separate financial statements

Consolidated and Separate Statements of Changes in Equity

For the year ended 31 December 2023

In thousands of naira

	Note	Share capital	Share premium	Retained earnings	Total equity
Group *					
Balance at 1 January 2023		**144,912**	**635,074**	**2,543,459**	**3,323,445**
Comprehensive income for the period					
Profit for the period		-	-	445,330	445,330
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	445,330	445,330
Transactions with owners, recorded directly in equity					
Dividends declared	27	-	-	(260,841)	(260,841)
Total transactions with owners		-	-	(260,841)	(260,841)
Balance at 31 December, 2023		**144,912**	**635,074**	**2,727,948**	**3,507,934**
Company					
Balance at 1 January 2023		**144,912**	**635,074**	**2,543,459**	**3,323,445**
Comprehensive income for the period					
Profit for the period		-	-	468,797	468,797
Total comprehensive income for the period		-	-	468,797	468,797
Transactions with owners, recorded directly in equity					
Dividends declared	27	-	-	(260,841)	(260,841)
Total transactions with owners		-	-	(260,841)	(260,841)
Balance at 31 December 2023		**144,912**	**635,074**	**2,751,415**	**3,531,401**
Balance at 1 January 2022		**144,912**	**635,074**	**2,450,718**	**3,230,705**
Comprehensive income for the period					
Profit for the period		-	-	208,670	208,670
Other comprehensive income for the period		-	-	-	-
Total comprehensive income for the period		-	-	208,670	208,670
Transactions with owners, recorded directly in equity					
Dividends declared	27	-	-	(115,929)	(115,929)
Total transactions with owners		-	-	(115,929)	(115,929)
Balance at 31 December 2022		**144,912**	**635,074**	**2,543,459**	**3,323,445**

** There is no comparative information for the Group as 31 December 2023 is the first year of consolidation.*

The accompanying notes form an integral part of these consolidated and separate financial statements

Consolidated and Separate Statements of Cash Flows

For the year ended 31 December 2023

In thousands of naira

	Note	Group *	Company	Company
		31-Dec-23	31-Dec-23	31-Dec-22
Cash flows from operating activities				
Profit for the period		445,330	468,797	208,670
Adjustments for:				
- Depreciation	9(b)	226,046	224,352	239,541
- Transfer of property, plant and equipment	14	-	11,262	-
- Amortisation	15	10,877	10,877	8,325
- Finance income	7	(53,458)	(53,458)	(17,319)
- Writeback/ (Impairment loss) on trade receivables	8	44,566	44,566	(11,579)
- Interest expense on lease liabilities	7	-	-	3,011
- Interest expense on financial liabilities measured at amortised cost	7	28,419	28,419	12,540
- Profit from disposal of property, plant and equipment	6	(18,514)	(18,514)	-
- Minimum tax expense	12	-	-	32,211
- Taxation	11(a)	330,986	330,986	146,909
		1,014,252	1,047,287	622,309
Changes in:				
- Inventories	17	(781,473)	(781,473)	(200,171)
- Trade and other receivables	18(c)	(98,344)	(111,250)	45,618
- Deposit for imports	19	41,324	41,324	(85,251)
- Prepayments and advances	20(a)	(88,410)	(88,410)	(77,347)
- Trade and other payables	24(c)	192,411	183,312	307,689
- Deferred income	25	132,165	132,165	(28,006)
Cash generated from operating activities		411,925	422,955	584,841
Tax paid	11(c)	(14,759)	(14,759)	(13,323)
Net cash generated from operating activities		397,166	408,196	571,518
Cash flows from investing activities				
Purchase of property, plant and equipment	14(g)	(288,808)	(284,088)	(44,773)
Acquisition of intangible assets	15	(652)	(652)	-
Proceeds from sale of property, plant and equipment		20,348	20,348	-
Interest income on other financial assets	7	30	30	732
Additions to investment in financial assets	22	-	-	(27,389)
Proceed from liquidation of investment	22	143,171	143,171	-
Investment in subsidiary		-	(20,000)	-
Net cash used in investing activities		(125,911)	(141,191)	(71,430)
Cash flows from financing activities				
Proceeds from to loans and borrowings	26(b)	345,604	345,604	-
Repayment of borrowings	26(b)	(25,131)	(25,131)	(126,652)
Interest paid	26(b)	(15,923)	(15,923)	(6,687)
Dividend paid	27	(269,356)	(269,356)	(88,540)
Net cash generated from/(used) in financing activities		35,194	35,194	(221,879)
Net decrease in cash and cash equivalents		306,449	302,199	278,209
Cash and cash equivalents at 1 January		495,838	495,838	217,629
Cash and cash equivalents at 31 December	21	802,287	798,037	495,838

** There is no comparative information for the Group as 31 December 2023 is the first year of consolidation.*

The accompanying notes form an integral part of these consolidated and separate financial statements

Notes to the Consolidated and Separate Financial Statements

Notes to the Consolidated and Separate Financial Statements

1 General Information

Berger Paints Nigeria Plc ("the Company") was incorporated in Nigeria as a private limited liability Company in 1959 and was converted to a public liability Company in 1973. Its registered office address is at 102, Oba Akran Avenue, Ikeja Industrial Estate, Ikeja, Lagos. The Company is listed on the Nigerian Exchange. The principal activities of the Company continues to be the manufacturing, sale and distribution of paints and allied products throughout the country and lease of investment property as a lessor.

Swift Painting Nigeria Limited was incorporated as a private limited liability company in 2022 and commenced business operations on 1 January 2023. Swift Painting is a subsidiary of Berger Paint Nigeria Plc and it is wholly own by Berger Paints Nigeria Plc. The principal activity of the subsidiary is rendering of professional painting services with the use of modern technology. They also provides technical support, trained applicators, mechanized tools and advanced products for cleaner and better paint results in homes, offices and factories.

The consolidated financial statements for the year ended 31 December 2023 comprise the results and the financial position of the Company and its subsidiary (together referred to as “the Group”). This is the first year of consolidation, and as such, there is no comparative information.
The separate financial statements for the year ended 31 December 2023 comprise those of the Company only.

2 Basis of preparation

(a) Statement of compliance

The Group and Company's financial statements for the year ended 31 December 2023 have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023. The consolidated and separate financial statements were authorised for issue by the Board of Directors on 28 March, 2024.

(b) Basis of measurement

The financial statements have been prepared in accordance with the going concern assumption under the historical cost concept except for the following:
- Government grant (recognised as deferred income) measured at fair value.
- Inventories: Lower of cost and net realisable value.

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

The methods used to measure fair value are further disclosed in Note 2(f).

(c) Basis of Consolidation

The Group financial statements incorporate the financial statements of the Parent Company and entities controlled by the Company and its subsidiary made up to 31 December 2023. Control is achieved where the investor; (i) has power over the investee entity (ii) is exposed, or has rights, to variable returns from the investee entity as a result of its involvement, and (iii) can exercise some power over the investee to affect its returns.

The Company reassesses whether or not it still controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.
The financial statements of subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiary align with the policies adopted by the Group.

Income and expenses of the subsidiary acquired or disposed off during the period are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. Total comprehensive income of subsidiaries is attributed to the owners’ of the Company.

Notes to the Consolidated and Separate Financial Statements

(c) Basis of Consolidation (cont'd)

(c)i *Investments in subsidiaries*

In the Company's separate financial statements, investments in subsidiaries are carried at cost less any impairment that has been recognised in profit or loss. The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company; plus
- any costs directly attributable to the purchase of the subsidiary.

Investments in subsidiaries are eliminated on consolidation in the Group financial statements. Management performs an assessment at the end of each reporting period to determine whether there is any indication that the Investment in the subsidiaries may be impaired.

(c)ii *Receivables from subsidiaries*

Receivables from subsidiaries include long term receivables which are deemed to be net investments in subsidiaries.

(c)iii *Transactions eliminated on consolidation*

All intra-group balances and any gain and losses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c)iv *Changes in the Group's ownership interests in existing subsidiary*

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.

All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(d) Functional and presentation currency

These financial statements are presented in Naira, which is the Group's functional currency. All financial information presented in Naira has been rounded to the nearest thousand except where otherwise indicated.

(e) Use of judgment and accounting estimates

In the preparation of these consolidated and separate financial statements, management has made judgments, estimates and assumptions that affect the application of the Group's accounting policy and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments made in applying accounting policies that have the most material effect on the amounts recognised in the financial statements are included in the following notes:

Note 3(Q) and 31	leases: whether an arrangement contains a lease
Note 3(D),(F), 14 and 16	determination of the useful life of leasehold land
Note 3(K) and 5	revenue recognition and measurement of revenue from rendering of painting services

Notes to the Consolidated and Separate Financial Statements

(e) Use of judgment and accounting estimates (cont'd)

Information about assumptions and estimation uncertainties that have most significant effects on amounts recognised in the consolidated and separate financial statements is included in the following notes;

Note 2(f) and 30(a)	determination of fair values
Note 3(G) and 30(b)	impairment of financial assets: Expected credit loss and forward looking information
Note 12	uncertainty over income taxes: transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.
Note 26 (a)	determination of cashflows repayments in respect of the investment property development financing arrangement.
Note 33	recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

(f) Measurement of fair values

A number of the Group's accounting policies and disclosures require the determination of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1	- quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	- inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as derived from prices).
Level 3	- inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Further information about the assumptions made in measuring fair values is included in Note 30 – Financial instruments- Fair values and financial risk management.

3 Material Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated and Separate financial statements. Set out below is an index of the material accounting policies, the details of which are available on the pages that follow.

Notes to the Consolidated and Separate Financial Statements

3 Material Accounting Policies (cont'd)

A. Foreign currency transactions

Transactions denominated in foreign currencies are translated and recorded in Naira at the actual exchange rates at the dates of the transactions.

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

B. Financial instruments

i. Recognition and initial measurement

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

Financial instruments are recognised in the consolidated and separate statements of financial position when a member of the Group or the Company becomes a party to the contractual obligations of the instrument. Regular way purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

The Group's financial assets comprises trade and other receivables, cash and cash equivalents and other financial assets; and are classified as financial assets measured at amortised cost.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI - debt investment; FVOCI - equity investment; or FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Notes to the Consolidated and Separate Financial Statements

Financial assets (cont'd)

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL

- it is held within a business model whose objective is to hold assets to collect contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment:

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial Assets- Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

Notes to the Consolidated and Separate Financial Statements

Business model assessment (cont'd)

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the sole payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual paramount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial

Financial assets- Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities- Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss

The Group's financial liabilities comprises loans and borrowings, trade and other payables and dividend payable; and are classified as other financial liabilities.

(iv) Derecognition and offsetting

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Notes to the Consolidated and Separate Financial Statements

(iv) Derecognition and offsetting (cont'd)

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

C. Capital and other reserves

i. Share capital

The Group has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded in share capital at their par value. The excess of the issue price over the par value is recorded as share premium. All ordinary shares rank equally with regard to the Group's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

ii. Share premium

When the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares is transferred to the share premium account. Any transaction costs associated with the share issues are deducted from share premium account, net of any related income tax benefits.

iii. Retained earnings

Retained earnings represents the Company's accumulated earnings since its inception, less any distributions to shareholders, and net of any prior period adjustments. A negative amount of retained earnings is reported as accumulated deficit.

iv. Fair value reserve

Fair value reserve comprises the cumulative net change in available-for-sale financial assets until the assets are derecognised or impaired.

D. Property, plant and equipment

i. **Recognition and measurement**

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

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of construction recognised includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets. Items of property, plant and equipment under construction are disclosed as capital work-in-progress.

If significant part of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Notes to the Consolidated and Separate Financial Statements

ii. **Subsequent cost**

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. **Derecognition**

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Gains and losses on derecognition or 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 net in profit or loss in the statement of profit or loss and other comprehensive income.

iv. **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 recognised 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. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Capital work-in-progress is not depreciated.

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

• Leasehold land	–	Indefinite
• Buildings	–	20 years
• Plants and machinery		
- Fixed plant	–	12 -40 years
- Movable plant	–	7 years
- Generators	–	5 years
• Motor vehicles		
- Trucks	–	6 years
- Cars	–	4 years
• Furniture and fittings	–	5 years
• Computer equipment	–	5 years
• Motor vehicles under lease	–	lease period

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

The attributable cost of each asset in capital work in progress is transferred to the relevant asset category immediately the asset is available for use and depreciated accordingly.

E. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with finite useful life are reviewed at the end of each year, changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortisation period or method, as appropriate, and are treated as charges in accounting estimates.

The amortisation expense of tangible assets with finite lives is recognised in the profit or loss as the expense category that is consistent with the function of the intangible assets. Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when asset is derecognised.

Notes to the Consolidated and Separate Financial Statements

E. Intangible assets (cont'd)

Purchased software are recognised as assets if there is sufficient certainty that future economic benefits associated with the item will flow to the entity. Amortisation is calculated using the straight-line method over three (3) years.

The carrying amount of an intangible asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

Internally generated intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

The internally generated intangible asset represents product formulation development for the newly commissioned automated paint factory.

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

F. Investment property

i. **Recognition and measurement**

An investment property is either land or a building or part of a building held by the Company to earn rentals or for capital appreciation or both.

Investment property is initially measured at cost, including transaction costs. Such cost does not include start-up costs, abnormal waste, or initial operating losses incurred before the investment property achieves the planned level of occupancy.

The cost model is applied in accounting for investment property. The investment property is recorded at cost less any accumulated depreciation and accumulated impairment losses.

ii. **Subsequent expenditure**

The cost of replacing a part of an item of investment property 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 investment property 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 recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of the investment property which reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

Notes to the Consolidated and Separate Financial Statements

iii. **Depreciation (cont'd)**

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

• Buildings	–	20 years
• Leasehold land	–	Indefinite

Depreciation methods, useful lives and residual values are reviewed at each financial year end and adjusted if appropriate.

iv. **Transfers**

Transfers to, or from, investment property are made when there is a change in use, evidenced by:
- commencement of owner-occupation, for a transfer from investment property to owner-occupied property;
- commencement of development with a view to sale, for a transfer from investment property to inventories;
- end of owner-occupation, for a transfer from owner-occupied property to investment property; or
- commencement of an operating lease to another party, for a transfer from inventories to investment property.

Transfers to, or from, investment property does not change the carrying amount of the property transferred, and they do not change the cost of the property for measurement or disclosure purposes.

G. Impairment

Non-derivative financial assets

i. Financial instrument

The Group's financial assets consist of cash and cash equivalent, trade receivables and other financial assets, The Company recognises loss allowances for expected credit loss (ECL) on financial assets measured at amortised cost. The Company measures loss allowances at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 60 days past due.

The Group considers a financial asset to be in default when:
- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 60 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

For cash and cash equivalent and other financials assets, Company applies a general approach in calculating the ECLs. The Group considers a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of investment grade.

Notes to the Consolidated and Separate Financial Statements

G. Impairment (cont'd)

ii Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

iii Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 60 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

iv Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

v Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

vi Non-financial assets

The carrying amounts of the Group’s non-financial assets 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. For intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

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. An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and 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 amortisation, if no impairment loss had been recognised. A reversal of an impairment loss is recognised immediately in the Profit or loss.

H. Provisions, contingent liabilities and contingent assets

A provision is recognised, if, as a result of a past event, the Group 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. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost in profit or loss.

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 Group, 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.

Notes to the Consolidated and Separate Financial Statements

H. Provisions, contingent liabilities and contingent assets (cont'd)

Contingent liabilities are only disclosed and not recognised as liabilities in the consolidated and separate 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.

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

Contingent assets are not recognised in the Consolidated and separate financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

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

I. Employee benefits

i. Defined contribution plan

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

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for all employees. The Group and its employees contribute a minimum of 10% and 8% of the employees annual basic salary, housing and transport allowances respectively to the scheme. Employee contributions to the scheme are funded through payroll deductions while the Company’s contributions are charged to profit and loss.

On 1 January 2016, the Group increased the employer contributions to the scheme to 15% of employee's annual basic salary, housing and transport allowances. The additional 5% relate to contribution for terminal benefit

ii. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided in profit or loss. This includes wages, salaries, bonuses, paid annual leave, sick leave and other contributions. Except when they qualify for capitalisation, these benefits are expensed in the period in which the associated services are rendered by employees of the Group.

A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

iii. Termination benefits

Termination benefits are recognized as an expense when the Group is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Termination benefits for voluntary redundancies are recognized as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

Notes to the Consolidated and Separate Financial Statements

J. Inventories

Inventories are 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. The basis of costing is as follows:

Raw materials, non-returnable packaging materials and consumable spare parts	–	purchase cost on a weighted average basis including transportation and applicable clearing charges.
Finished products and products-in-process	–	weighted average cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.
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. Allowance is made for obsolete, slow moving or defective items where appropriate.

K. Revenue by nature

(i) Revenue from contract with customers

a Sale of paints and allied products

The Group recognised revenue from the sale of goods in the course of ordinary activities represents sale of paints and allied products and is measured at the fair value of the consideration received or receivable, net of value added tax, sales returns, trade discounts and volume rebates.

Revenue is recognised when the goods are delivered and have been accepted by customers. The Group allocates a portion of consideration received to loyalty points as applicable. The allocation is based on the relative stand alone selling prices. The amount allocated to the loyalty program is deferred, and is recognised as revenue when loyalty points are redeemed or the likelihood of the customer redeeming the loyalty points become remote. The deferred revenue is included in contract liabilities.

b Contract services - supply and apply services contract

Supply and apply services contract revenue results from rendering painting services to customers. These services are rendered based on specific negotiated contracts with the customers.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably.

Revenue is recognized overtime on basis of the Group’s cost incurred relative to the total expected cost for the satisfaction of the performance obligation. The related cost are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities and presented as part of trade and other payables. Unbilled receivables for services rendered are included as contract assets and presented as part of trade and other receivables.

(ii) Investment property rental income

Rental income from investment property is recognised as other income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

L. Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, gains on re-measurement of financial assets measured at amortised cost, and reclassification of net gains previously recognised in OCI. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognized in profit or loss on the date that the Group’s right to receive payment is established.

Notes to the Consolidated and Separate Financial Statements

L. Finance income and finance costs (cont'd)

Finance costs comprise interest expense on lease and other financial liabilities and impairment losses recognised on financial assets (other than trade receivables). Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

M. Production Cost of sales

Production cost of sales represents decreases in economic benefits during the accounting period that are directly or indirectly attributable to manufacturing inventory for sale

N. Government grant

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

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

O. Taxation

Income tax

Income tax expense comprises current tax (Company Income Tax, Tertiary Education Tax, Nigeria Police Trust Fund levy and Capital gains tax) and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. The Group had determined that interest and penalties relating to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore are accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Company Income Tax is computed on taxable profits; Tertiary Education Tax is computed on assessable profits while the Nigeria Police Trust Fund is computed on net profit (i.e. profit after deducting all expenses and taxes from revenue earned by the Company during the year). Income tax liabilities are presented in the Consolidated and separate statement of financial position net of withholding taxes.

(b)Deferred tax

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 assets are recognised for unutilised tax losses, unutilised tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans.

Notes to the Consolidated and Separate Financial Statements

(b)Deferred tax (cont'd)

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be utilised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if, and only if the Group:

(a) has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

• the same taxable entity; or

• different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such determination is made.

(c) Minimum tax expense

The Group is subject to the Finance Act, 2023 which amends the Company Income Tax Act (CITA). Total amount of tax payable under the Finance Act, 2023 is determined based on the higher of two components; Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined based on of 0.5% of qualifying Company's turnover less franked investment income). Taxes based on taxable profit for the period are treated as income tax in line with IAS 12; whereas Minimum tax which is based on a gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in the profit or loss. The liability is recognised under current tax liabilities in the statement of financial position.

Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax expense.

P. Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held (if any). Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held (if any), for the effects of all dilutive potential ordinary shares.

Q. Leases

i. As a lessee

The Group recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asses or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the Consolidated and Separate Financial Statements

i. As a lessee (cont'd)

The right-of-use is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use assets will be depreciated over the useful life of the underlying assets, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted or certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses interest rate implicit in the lease liability agreement as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:
- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commence date;
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or terminate option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leased of low-value assets.

The Group has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognizes the lease payments associated with these leases as an expenses on a straight-line basis over the lease term.

ii. As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative standalone prices.

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accountings for its interests in the head lease and the sub-lease separately. It assesses the classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classified the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies IFRS 15 to allocate the consideration in the contract.

Notes to the Consolidated and Separate Financial Statements

ii. As a lessor (cont'd)

The Group applies the derecognition and impairment requirements in IFRS 9 to the net investment in the lease. The Group further regularly reviews estimated unguaranteed residual values used in calculating the gross investment in the lease.

The Group recognizes lease payments received under operating leases as income on a straight -line basis over the lease term as part of 'other revenue'.

Generally, the accounting policies applicable to the Group as a lessor in the comparative period were not different from IFRS 16.

R. Statement of cashflows

The statement of cash flows shows the changes in cash and cash equivalents arising during the period from operating, investing and financing activities. The Group applies the indirect method for the preparation of the statement of cash flows.

Changes in statement of financial position items that have not resulted in cash flows such as translation differences, fair value changes and other non-cash items have been adjusted for the purpose of preparing the statement. Dividends paid to ordinary shareholders are included in financing activities. Interest paid is also included in financing activities while interest income is included in investing activities.

S. Operating Segment

An operating segment is a distinguishable component of the Group that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The Group's primary format for segment reporting is based on business segments. The business segments are determined by management based on the Group's internal reporting structure.

All operating segments' operating results are reviewed regularly by the Management Committee, which is considered to be the chief operating decision maker for the Group, to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's Management Committee include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and tax assets and liabilities.

T. Dividends

Dividend payable is recognised as a liability in the period in which they are declared and the shareholders' right to receive payment has been established.

Dividends which remained unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with section 385 of the Companies and Allied Matters Act of Nigeria are written back to retained earnings.

U. Cash and cash equivalent

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

V. Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. This fair value is determined for disclosure purposes. For short term trade receivables, no disclosure of fair value is presented when the carrying amount is a reasonable approximation of fair value due to the insignificant impact of discounting.

Notes to the Consolidated and Separate Financial Statements

W. Prepayments and advances

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

X. Deposit for imports

Deposit for imports are non-financial assets which result when letters of credit are opened with the bank for the importation of raw materials and plant and machinery. They are recognized when the Group expects to receive future economic benefits equivalent to the value of the deposit made.

Y. Investment in subsidiary

Subsidiaries are entities controlled by the Group. Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's statement of financial position. Where the recoverable amount of the investment is less than the carrying amount, an impairment is recognized in profit or loss. On disposal of investments in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognized in profit or loss.

Z. Related parties

Related parties include the Group's shareholders, directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Group. 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 the Company.

Related parties transactions of similar nature are disclosed in aggregate except where separate disclosure is necessary for understanding of the effects of the related party transactions on the financial statements of the Company.

AA. Trade and other payable

Trade and other payables are recognised when the Group becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any. They are subsequently measured at amortised cost using the effective interest method. The effective interest rate 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. If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs. Trade and other payables expose the Group and Company to liquidity risk and possibly to interest rate risk.

4 Application of new and revised international Financial Reporting Standards (IFRSs)

New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements

In the current year, the Group has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IASB) for accounting periods that begin on or after 1 January 2023.

Notes to the Consolidated and Separate Financial Statements

New and revised IFRSs/IFRICs affecting amounts reported and/or disclosures in these financial statements (cont'd)

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates

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

The definition of a change in accounting estimates was deleted.

Although the amendments did not result in any changes to the accounting policies themselves, the amendments require the disclosure of "material" rather than "significant" accounting policies. This has been adopted in these consolidated and separate financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements-Disclosure of Accounting Policies

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

This has no material impact on the Group Financial Statements

New and revised IFRSs in issue but not effective

IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 21	Lack of Exchangeability

IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) 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 is yet to be set by the IASB; however, earlier application of the amendments is permitted.

Directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Notes to the Consolidated and Separate Financial Statements

Amendments to IFRS 16 Leases - Lease Liability in a Sale and Leaseback

The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments require the seller-lessee to determine 'lease payments' or 'revised lease payments' such that the seller-lessee does not recognise a gain or loss that relates to the right of use retained by the seller-lessee, after the commencement date. The amendments do not affect the gain or loss recognised by the seller-lessee relating to the partial or full termination of a lease. As part of the amendments, the IASB amended an Illustrative example to illustrate the subsequent measurement of a right-of-use asset and lease liability in a sale and leaseback transaction with variable lease payments that do not depend on an index or rate. The examples also clarify that the liability, that arises from a sale and leaseback transaction that qualifies as a sale applying IFRS 15, is a lease liability. The effective date of the amendment is for years beginning on or after 1 January 2024.

These amendments are not expected to have a material impact on the Group Financial Statements.

Amendments to IAS 1 Presentation of Financial Statements - Non Current Liabilities with Convents

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or noncurrent). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants. The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted.

The Directors anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods.

Amendments to IAS 7 statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures - Supplier Finance Arrangements

The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for an entity to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the entity's liabilities and cash flows, and it's exposure to liquidity risk. Transparency is expected under existing IFRS Accounting Standards. However, the amendments introduce specific requirements for entities to provide the information users need. The effective date of the amendment is for years beginning on or after 1 January 2024.

The Directors of the parent company anticipate that these amendments are expected to have a material impact on the Group Financial Statements.

Amendments to IAS 1 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

Notes to the Consolidated and Separate Financial Statements

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2024, with early application permitted.

The Directors of the parent company anticipate that the application of these amendments may have an impact on the group's consolidated financial statements in future periods if such transactions arise.

Amendments to IAS 21 - Lack of Exchangeability
The amendments apply for annual reporting periods beginning on or after 1 January 2025, with early application permitted.
The amendments clarifies:
• when a currency is exchangeable into another currency; and
• how a Company estimates a spot rate when a currency lacks exchangeability.
Assessing exchangeability: When to estimate a spot rate
A currency is exchangeable into another currency when a Company is able to exchange that currency for the other currency at the measurement date and for a specified purpose. When a currency is not exchangeable, a Company needs to estimate a spot rate.
Estimating a spot rate: Meeting the estimation objective
A Company's objective when estimating a spot rate is only that it reflects the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. The amendments contain no specific requirements on how to estimate a spot rate. Therefore, when estimating a spot rate a Company can use:
• an observable exchange rate without adjustment; or
• another estimation technique.
Under the amendments, companies will need to provide new disclosures to help users assess the impact of using an estimated exchange rate on the financial statements. This may include:
• the nature and financial impacts of the currency not being exchangeable
• the spot exchange rate used;
• the estimation process; and
• risks to the Company because the currency is not exchangeable

Notes to the Consolidated and Separate Financial Statements

5 Revenue

(a) Revenue stream for the period comprises:

In thousands of naira	Recognition policy	Group * 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
(i) Revenue from contract with customers				
- Sale of paints and allied products*	At a point in time	7,603,703	7,603,703	6,198,304
- Contract services	Over time	363,843	306,478	133,330
		7,967,546	**7,910,181**	**6,331,634**

*Revenue from sale of paints and allied products for the year comprises

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Revenue (net of value added tax)	9,259,710	9,259,710	7,544,251
Discounts and rebates	(1,656,007)	(1,656,007)	(1,345,947)
	7,603,703	**7,603,703**	**6,198,304**

Nigeria is the Group's primary geographical segment as all sales in the current and prior year were made in the country.

(b) Contract balances

The Group and Company's contract balance comprises of trade receivables from contract with customers and is included in trade and other receivables (Note 18(a)). The balance is analysed as follows:

In thousands of naira	31-Dec-23	31-Dec-23	31-Dec-22
Billed receivables in respect of sales of paints and allied products	219,370	201,877	229,919
Unbilled receivables in respect of contract services	1,772	1,772	2,591
Trade receivables (Note 18(a))	221,142	203,649	232,510

(c) Revenue included in contract liability balance at the beginning of the year

The revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period was nil (2022: Nil).

6 Other income

Other income comprises:

In thousands of naira	31-Dec-23	31-Dec-23	31-Dec-22
Sale of scrap	19,290	19,290	18,766
Income on property leases*	33,315	33,315	43,134
Profit from disposal of property, plant and equipment	18,514	18,514	-
Insurance claims received	184	184	-
Sale of raw materials	5,682	5,682	9,336
Income from enrolment of new distributors	7,000	7,000	21,298
	83,985	**83,985**	**92,534**

*This represents income earned from leases of an insignificant portion of the Company's building properties to third parties.

Notes to the Consolidated and Separate Financial Statements

7 Finance income and finance cost

Recognised in profit or loss:	Group	Company	Company
In thousands of naira	**31-Dec-23**	**31-Dec-23**	**31-Dec-22**
Interest income on bank deposits	30	30	732
Interest income on other financial assets	40,546	40,546	14,750
Foreign currency exchange loss	-	-	(617)
Government grant	12,882	12,882	2,454
Total finance income	**53,458**	**53,458**	**17,319**
Interest expense on lease liabilities	-	-	(3,011)
Interest expense on financial liabilities measured at amortised costs.	(28,419)	(28,419)	(12,540)
Total finance cost	**(28,419)**	**(28,419)**	**(15,551)**
Net finance income recognised in profit or loss	**25,039**	**25,039**	**1,768**

8 Profit before income tax

Profit before tax is stated after charging/(crediting):		Group	Company	Company
In thousands of naira	Note	**31-Dec-23**	**31-Dec-23**	**31-Dec-22**
Directors' emoluments	9(a)	88,068	88,068	56,648
Depreciation	9(b)	226,046	224,352	239,541
Amortisation	15	10,877	10,877	8,325
Personnel expenses	10(a)	841,665	831,486	762,878
Auditors' remuneration	9(a)	29,250	27,000	23,000
(Write back)/Impairment loss on trade receivables	18(b)	(44,566)	(44,566)	11,579
Minimum tax	12	-	-	32,211
Profit on disposal of property, plant and equipment	6	(18,514)	(18,514)	-

9 (a) Expenses

(i) Analysis of expenses by nature

In thousands of naira	Note	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Directors emoluments	10(d)	88,068	88,068	56,648
Personnel expenses	10(a)	841,665	831,486	762,878
Training expenses		444	444	1,340
Repairs and maintenance		126,832	126,832	101,424
Office and corporate expenses		157,049	136,738	72,256
License and permits		41,931	41,931	29,257
Utilities		192,086	192,086	116,782
Insurance		53,687	53,687	22,295
Travel, transport and accommodation		160,004	160,004	96,416
Rent, rate and levies		1,997	1,997	1,544
Subscriptions		16,178	16,178	5,368
Donations		1,047	1,047	694
Depreciation	9(b)	226,046	224,352	239,541
Amortisation	15	10,877	10,877	8,325
Printing and stationery		6,476	6,476	26,495
Legal and professional services fees *		86,312	86,312	96,798
Auditors' remuneration		29,250	27,000	23,000
Bank charges		16,667	16,667	11,472
Advertisement and publicity expenses		158,792	157,710	76,865
Distribution expenses		370,629	370,629	250,796
Raw materials and consumables		4,469,555	4,424,239	3,939,360
Foreign currency exchange loss		80,207	80,207	-
Contract services expenses		209,021	209,021	98,592
		7,344,820	**7,263,988**	**6,038,146**

Notes to the Consolidated and Separate Financial Statements

9 (a) Expenses by nature (cont'd)

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Summarised as follows:			
(ii) Cost of sales	5,259,377	5,214,061	4,326,316
Selling and distribution expenses	526,991	525,909	327,661
Administrative expenses	1,558,452	1,524,018	1,384,169
Total cost	**7,344,820**	**7,263,988**	**6,038,146**

(b) Depreciation

In thousands of naira	Note	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Depreciation charged for the perod comprises:				
Depreciation of property, plant and equipment	14(a)	173,382	171,688	178,422
Depreciation of right of use	14(f)	32,304	32,304	40,759
Depreciation of investment property	16	20,360	20,360	20,360
Total depreciation		**226,046**	**224,352**	**239,541**

* During the year, the Company's auditor, KPMG Professional Services, earned fees relating to the performance of non-audit services. These fees are included in professional services fees. See Note 32

10 Personnel expenses

(a) Personnel expenses, excluding remuneration of the executive directors during the perod comprises:

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Salaries, wages and allowances	782,010	771,831	719,005
Employer contribution to compulsory pension fund scheme	59,655	59,655	43,873
	841,665	831,486	762,878

(b) Number of employees of the Company at period end, whose duties were wholly or mainly discharged in Nigeria, received annual remuneration (excluding pension contributions and certain benefits) in the following ranges:

₦		₦	**31-Dec-23**	**31-Dec-23**	**31-Dec-22**
				Number	Number
1	-	500,000	-	-	-
500,001	-	1,000,000	-	-	-
1,000,001	-	1,500,001	11	11	9
1,500,001	-	2,000,001	21	21	23
2,000,001	-	3,000,001	48	48	48
3,000,001	and	above	50	48	47
			130	128	127

(c) The number of persons employed as at period end are:

	31-Dec-23	**31-Dec-23**	**31-Dec-22**
		Number	Number
Production	20	20	20
Sales and marketing	44	42	41
Finance	9	9	9
Human Resource	12	12	12
Maintenance	6	6	6
Admin/Corporate	6	6	6
Logistics & Supply Chain	4	4	4
Internal Control	15	15	15
Information Technology (IT)/CSR	2	2	2
Technical & Quality Assurance	5	5	5
Risk Management	7	7	7
	130	128	127

Notes to the Consolidated and Separate Financial Statements

(d) Remuneration (excluding pension contributions and certain benefits) paid to directors of the Company and charged to the profit or loss are as follows:

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Fees paid to executive / non executive directors	56,742	52,717	56,648
Salaries	35,351	35,351	31,744
	92,093	88,068	88,392

The directors' remuneration shown above includes:

In thousands of naira	31-Dec-23	31-Dec-23	31-Dec-22
Chairman	9,000	7,500	7,500
Highest paid director	35,351	35,351	31,744

Other directors received emoluments in the following ranges:

₦		₦	31-Dec-23	31-Dec-23 Number	31-Dec-22 Number
250,001	-	1,000,000	-	-	-
1,000,001	-	3,000,000	-	-	-
3,000,001	-	5,000,000	4	4	4
5,000,001	-	8,000,000	1	1	1
			5	5	5

11 Taxation

(a) 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:

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Current tax expense:			
Nigerian Police Trust Fund Levy (NPTF)	40	40	19
Company income tax	215,191	215,191	-
Tertiary education tax	30,295	30,295	14,740
WHT credit notes impaired	7,594	7,594	-
	253,120	253,120	14,759
Deferred tax expense/(credit):			
Origination and reversal of temporary differences (Note 11(d))	77,866	77,866	132,150
Income tax expense	**330,986**	**330,986**	**146,909**

(b) Reconciliation of effective tax rate:

In thousands of naira	%	Group 31-Dec-23	%	Company 31-Dec-23	%	Company 31-Dec-22
Profit for the period		445,330		468,797		208,670
Taxation		330,986		330,986		146,909
Profit before taxation		776,316		799,783		355,579
Income tax using the Company's domestic rate of 30%	30.0	232,895	30.0	239,935	30.0	106,674
Tertiary education tax @ 3% (2022: 2.5%)	3.0	23,289	3.0	23,993	2.5	8,889
Effect of						
- Nigeria Police Trust Fund (NPTF) levy	0.0	40	0.0	40	0.0	19
- Non-deductible expenses	8.0	62,119	6.8	54,375	9.2	32,640
- Tax exempt income	0.0	-	0.0	-	(0.2)	(798)
- Tax incentives	0.0	-	0.0	-	(0.1)	(515)
- Net WHT notes impaired	1.0	7,594	0.9	7,594	0.0	-
- Change in tax rate	0.7	5,049	0.6	5,049	0.0	-
Tax expense	42.6	330,986	41.4	330,986	41.3	146,909

Notes to the Consolidated and Separate Financial Statements

11 Taxation (cont'd)

(c) The movement in the tax payable during the year was as follows:

i. **Current tax liabilities** *In thousands of naira*	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Balance as at 1 January	14,759	14,759	8,622
Current period charge	245,526	245,526	14,759
Minimum tax charge	-	-	32,211
Cash payments	(14,759)	(14,759)	(13,323)
Set-off of current tax assets	(61,196)	(61,196)	(27,510)
Balance as at period end (A)	184,330	184,330	14,759
ii. **WHT credit notes**			
Balance as at 1 January	42,050	42,050	20,120
Additions	26,740	26,740	49,440
WHT credit notes impaired	(7,594)	(7,594)	-
Set-off of current tax assets	(61,196)	(61,196)	(27,510)
Balance as at period end (B)	-	-	42,050
Total net current (liabilities) / tax assets as at 31 December (A+B)	(184,330)	(184,330)	27,291

Notes to the Consolidated and Separate Financial Statements

(d) Movement in deferred taxation
In thousands of naira

	Balance at 1 January	Recognised in profit or loss	Net	Deferred tax assets	Deferred tax liabilities
Group					
31 December 2023					
Property, plant and equipment	528,587	73,393	601,980	-	601,980
Allowance on trade receivable	(59,822)	25,856	(33,966)	(33,966)	-
Right of use assets	-	-	-	-	-
Provision for gratuity discontinued	(713)	-	(713)	(713)	-
Provision for slow moving inventories	(11,969)	4,881	(7,088)	(7,088)	-
Unrealised exchange loss	(201)	(26,264)	(26,465)	(26,465)	-
Net tax (assets)/ liabilities	**455,882**	**77,866**	**533,748**	**(68,232)**	**601,980**
Company					
31 December 2023					
Property, plant and equipment	528,587	73,393	601,980	-	601,980
Allowance on trade receivable	(59,822)	25,856	(33,966)	(33,966)	-
Right of use assets	-	-	-	-	-
Provision for gratuity discontinued	(713)	-	(713)	(713)	-
Provision for slow moving inventories	(11,969)	4,881	(7,088)	(7,088)	-
Unrealised exchange loss	(201)	(26,264)	(26,465)	(26,465)	-
Net tax (assets)/ liabilities	**455,882**	**77,866**	**533,748**	**(68,232)**	**601,980**
Company					
31 December 2022					
Property, plant and equipment	390,099	138,488	528,587	-	528,587
Allowance on trade receivable	(54,703)	(5,119)	(59,822)	(59,822)	-
Right of use assets	14,012	(14,012)	-	-	-
Provision for gratuity discontinued	(713)	-	(713)	(713)	-
Provision for slow moving inventories	(24,963)	12,994	(11,969)	(11,969)	-
Unrealised exchange loss	-	(201)	(201)	(201)	-
Net tax (assets)/ liabilities	**323,732**	**132,150**	**455,882**	**(72,705)**	**528,587**

12 Minimum tax

Minimum tax Comprises:

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Minimum tax	-	-	32,211
Minimum tax expenses	-	-	**32,211**

13 Basic and diluted earnings per share

Basic earnings per share of 154 kobo and 162 kobo (31 December 2022: 72 kobo) is based on the Group's profit and Company profit for the year of ₦445.3 million and ₦468.8 million (31 December 2022: Company - ₦208.7 million) respectively and on 289,823,447 (2022: 289,823,447) ordinary shares of 50 kobo each, being the weighted average number of ordinary shares in issue during the period.

Basic earnings per share is the same as diluted earnings per share.

Notes to the Consolidated and Separate Financial Statements

14 Property Plant and equipment

(a) **Group**

The movement on these accounts was as follows:

In thousands of naira	Note	Leasehold Land	Buildings	Plants and Machinery	Furniture and fittings	Motor Vehicles	Computer Equipment	Capital work-in progress	TOTAL
Cost at 1 January 2023		390,000	1,313,360	1,560,286	69,255	165,381	172,591	-	3,670,873
Additions		-	-	93,178	37,561	8,025	15,891	134,153	288,808
Disposals		-	-	(23,879)	(4,140)	(27,454)	(6,532)	-	(62,005)
Balance at 31 December 2023		390,000	1,313,360	1,629,585	102,676	145,952	181,950	134,153	3,897,676
Accumulated depreciation									
Balance at 1 January 2023		78,081	432,392	432,428	55,924	142,056	129,278	-	1,270,159
Charge for the period	9(b)	-	66,743	71,879	9,623	8,906	16,231	-	173,382
Disposals		-	-	(22,893)	(4,129)	(26,617)	(6,532)	-	(60,171)
Balance at 31 December 2023		78,081	499,135	481,414	61,418	124,345	138,977	-	1,383,370
Carrying amounts									
At 31 December 2023		311,919	814,225	1,148,170	41,258	21,607	42,973	134,153	**2,514,306**

Company

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

In thousands of naira	*Note*	Leasehold Land	Buildings	Plants and Machinery	Furniture and fittings	Motor Vehicles	Computer Equipment	Capital work-in progress	TOTAL
Cost									
Balance at 1 January 2022		390,000	1,310,200	1,544,573	65,747	148,795	166,786	-	3,626,101
Additions		-	3,160	15,713	3,508	16,586	5,806	-	44,773
Balance at 31 December 2022		390,000	1,313,360	1,560,286	69,255	165,381	172,592	-	3,670,874
Balance at 1 January 2023		390,000	1,313,360	1,560,286	69,255	165,381	172,592	-	3,670,874
Additions		-	-	93,178	37,561	3,700	15,496	134,153	284,088
Disposals		-	-	(23,879)	(4,140)	(27,454)	(6,532)	-	(62,005)
Transfer ((a)i)		-	-	(15,045)	-	(3,700)	(489)	-	(19,234)
Balance at 31 December 2023		390,000	1,313,360	1,614,540	102,676	137,927	181,067	134,153	3,873,723

Notes to the Consolidated and Separate Financial Statements

Company (cont'd)									
Accumulated depreciation									
Balance at 1 January 2022		78,081	366,724	356,852	48,992	133,737	107,351	-	1,091,737
Charge for the year	_9(b)_	-	65,668	75,576	6,932	8,319	21,927	-	178,422
Balance at 31 December 2022		78,081	432,392	432,428	55,924	142,056	129,278	-	1,270,159
Balance at 1 January 2023		78,081	432,392	432,428	55,924	142,056	129,278	-	1,270,159
Charge for the period	_9(b)_	-	65,668	71,351	9,623	8,906	16,140	-	171,688
Disposals		-	-	(22,893)	(4,129)	(26,617)	(6,532)	-	(60,171)
Transfer ((a)i)		-	-	(7,124)	-	(542)	(306)	-	(7,972)
Balance at 31 December 2023		78,081	498,060	473,762	61,418	123,803	138,580	-	1,373,704
Carrying amounts									
At 31 December 2022		311,919	880,968	1,127,858	13,331	23,325	43,314	-	**2,400,715**
At 31 December 2023		311,919	815,300	1,140,778	41,258	14,124	42,487	134,153	**2,500,019**

(a)i Represents transfers of machinery, motor vehicle and computer equipment to subsidiary, Swift Painting Nigeria Limited

(b) **Assets pledged as security**

No asset of the Company was pledged as security for loan as at 31 December, 2023 (December 2022: Nil)

(c) **Impairment of property, plant and equipment**

No impairment loss was recognised for the period (December 2022: Nil).

(d) **Capital commitments**

Capital expenditure commitments for the period ended 31 December 2023 authorised by the Board of Directors comprise:

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Approved but not contracted	271,273	271,273	342,766
	271,273	271,273	342,766

No Capitalised borrowing cost

(e) **Property, plant and equipment under construction**

Capital work in progress comprises amounts incurred with respect to Leasehold improvements and buildings and furniture and fittings as at year end.

In thousands of naira	**31-Dec-23**	**31-Dec-23**	**31-Dec-22**
Closing capital work in progress is analysed as follows:			
Furniture and fittings	58,540	58,540	-
Buildings	75,613	75,613	-
	134,153	134,153	-

Notes to the Consolidated and Separate Financial Statements

14 Property Plant and equipment (cont'd)

(f) **Right of use assets**

Right of use assets comprises motor vehicles under finance leases.

	Group Motor Vehicles	Company Motor Vehicles
In thousands of naira		
Cost		
Balance at 1 January 2022		182,350
Additions		-
Cost at 31 December 2022		182,350
Balance at 1 January 2023	182,350	182,350
Additions	-	-
Balance at 31 December 2023	182,350	182,350
Accumulated depreciation		
Cost at 1 January 2022		90,940
Charge for the year		40,759
Balance at 31 December 2022		131,699
Balance at 1 January 2023	131,699	131,699
Charge for the year	32,304	32,304
Balance at 31 December 2023	164,003	164,003
Carrying amounts		
At 31 December 2022		**50,651**
At 31 December 2023	**18,347**	**18,347**

(g) **Additions in statement of cash flows**

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Additions (Note 14(a))	288,808	284,088	44,773
	288,808	284,088	44,773

Notes to the Consolidated and Separate Financial Statements

15 **Intangible assets**

In thousands of naira	*Note*	Group Computer Software	Company Computer Software
Cost			
Cost at 1 January 2022			108,948
Balance at 31 December 2022			108,948
Cost at 1 January 2023		108,948	108,948
Additions		652	652
Balance at 31 December 2023		109,600	109,600
Accumulated amortisation			
Balance at 1 January 2022			72,796
Charge for the year	*9(a)*		8,325
Balance at 31 December 2022			81,121
Balance at 1 January 2023		81,121	81,121
Charge for the period Balance	*9(a)*	10,877	10,877
at 31 December 2023		91,998	91,998
Carrying amounts			
At 31 December 2022			**27,827**
At 31 December 2023		**17,602**	**17,602**

The Company's intangible assets represent cost of Microsoft Navision ERP applications licence and technical agreement. The cost is amortised to profit or loss over a period of Five years.

Intangible assets amortisation charged to profit or loss for the period for Group and Company amounts to ₦10.8 million and ₦10.8 million (31 December 2022: ₦8.3 million) respectively and is included as part of administrative expenses.

Notes to the Consolidated and Separate Financial Statements

16 Investment property

The movement on this account was as follows:

In thousands of naira	Group 2023	Company 2023	Company 2022
Cost			
Balance at 1 January	604,468	604,468	604,468
Balance at 31 December	604,468	604,468	604,468
Accumulated depreciation			
Balance at 1 January	242,594	242,594	222,234
Charge for the period	20,360	20,360	20,360
Balance at 31 December	262,954	262,954	242,594
Carrying amounts at period ended	341,514	341,514	361,874

Investment property comprises the Company's land and building at Abuja (hereinafter referred to as Berger Paints Plaza). The Company completed and commissioned the Berger Paints Plaza in November 2013. The Berger Paints Plaza is made up of 2,196 square meters of trade shops and offices available for commercial rent. The property has been leased to third parties and is managed on behalf of the Company by Gauge Construction Servicing Limited.

Each of the leases contains an initial non-cancellable period of one (1) year. No contingent rents are charged.

Rental income generated from investment property recognised during the year was N33.3million (2022: N43.1million).

Direct operating expenses (included in repairs and maintenance expenses) arising from investment property that generated rental income during the period was Nil (31 December 2022: Nil)

Depreciation of ₦20.36 million (31 December 2022: ₦20.36 million) charged on investment property for the period was included in admin expenses

The fair value of the investment property as at period end is ₦2.46 billion (31 December 2022: ₦2.46 billion). The fair value was determined by an external, independent property valuer (Jide Taiwo and Co.) with Financial Reporting Council of Nigeria (FRC) No: FRC/2012/NIESV/0000000000254. The valuation was carried out by Ajibola Abiola with FRC number FRC/2022/PRO/NIESV/004/335466. The fair value measurement of investment property has been categorised as a Level 2 fair value based on the input to the valuation techniques used.

17 Inventories

(a)

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Raw and packaging materials	1,276,897	1,276,897	955,795
Finished products	415,731	415,731	401,446
Product-in-process	10,172	10,172	11,570
Consumable spare parts	96,470	96,470	34,802
Goods in transit	371,025	371,025	-
	2,170,295	2,170,295	1,403,613
Impairment allowance	(22,035)	(22,035)	(36,826)
	2,148,260	2,148,260	1,366,787

The cost of inventories recognised as an expense during the year amounted to ₦4.4 billion and ₦4.4 billion in the consolidated and separate financial statement respectively (2022: ₦3.9 billion). In addition, there was no reduction in the carrying amount of inventory during the year (2022: ₦7.8 million) for both Group and Company arising from the write down of inventory to net realizable value. The write down was recognized as an expense and was also included in cost of sales.

The total value of the goods in transit have been received after the year end.

(b) Reconciliation of changes in Inventory included in statement of cash flows is as follows

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Movement in inventory	(781,473)	(781,473)	(200,171)
Change in inventory per statement of cash flows	**(781,473)**	**(781,473)**	**(200,171)**

Notes to the Consolidated and Separate Financial Statements

18 Trade and other receivables comprises:

Trade and other receivables comprises:

(a)

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Trade receivables (Note 5(b))	219,370	201,877	229,919
Lease receivable	89,804	89,804	83,688
Staff debtors	1,760	1,760	1,267
Deposit with company registrar	89,796	89,796	81,036
Contract assets	1,772	1,772	2,591
Other receivables	306	306	5,056
Receivable from related party	-	30,399	23,827
Total trade and other receivables	402,808	415,714	427,384
Impairment allowance	(105,679)	(105,679)	(184,030)
Carrying amount as at period ended	**297,129**	**310,035**	**243,351**

The Company's exposure to credit and currency risks related to trade and other receivables is disclosed in Note 30(b).

(b) The movement in the allowance for impairment in respect of trade and other receivables during the period was as follows:

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Balance at 1 January	184,030	184,030	172,451
(Write back)/Impairment loss of receivables	(44,566)	(44,566)	11,579
Bad debt written off	(33,785)	(33,785)	-
Balance at 31 December	**105,679**	**105,679**	**184,030**

(c) Reconciliation of changes in trade and other receivables included in statement of cash flows is

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Movement in trade and other receivables	(53,778)	(66,684)	34,656
Exchange loss	-	-	(617)
(Write back)/Impairment loss of receivables	(44,566)	(44,566)	11,579
Changes in trade and other receivables per statement of cash flows	**(98,344)**	**(111,250)**	**45,618**

19 Deposit for imports

The deposit for imports represents amounts deposited with banks to fund letters of credit. These letters of credit are meant to finance the importation of raw materials.

Deposit for imports comprises:

(a)

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Deposit for Imports	46,601	46,601	87,925
	46,601	**46,601**	**87,925**

(b) Reconciliation of changes in deposit for imports included in statement of cash flows is as follows:

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Movement in deposit for imports	41,324	41,324	(85,251)

20 Prepayments and advances

Prepayments and advances comprises:

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Advance payment to suppliers	85,748	85,748	43,470
Prepaid insurance and others	67,685	67,685	48,293
	153,433	**153,433**	**91,763**

Notes to the Consolidated and Separate Financial Statements

20 Prepayments and advances (cont'd)

This represents payments made in advance to Information Technology (IT) Consultants in respect of IT related services.

There were no non-current prepayments and advances made at year-end (2022: Nil)

(a) Reconciliation of changes in prepayments and advances included in statement of cash flows is as follows:

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Movement in prepayment and advances	(61,670)	(61,670)	(55,417)
Additions to tax assets	(26,740)	(26,740)	(21,930)
Changes in prepayments and advances per statement of cash flows	**(88,410)**	**(88,410)**	**(77,347)**

21 Cash and cash equivalents

Cash and cash equivalents comprises: *In thousands of naira*	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Cash on hand	69	69	195
Investment in short term deposit	130,594	130,594	-
Balance with banks	671,624	667,374	495,643
Cash and cash equivalents	**802,287**	**798,037**	**495,838**

The Company's exposure to credit and market risk for financial assets is disclosed in Note 30(b).

22 Other financial assets

This represents unclaimed dividend returned by the Group's registrar and invested in short term money market instrument as at year end:

As at 31 December 2023, the investment is analysed as stated below:

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
At 1 January	359,747	359,747	317,608
(Proceed from liquidation of investment) / addition	(143,171)	(143,171)	27,389
Interest income	40,546	40,546	14,750
At 31 December 2023	**257,122**	**257,122**	**359,747**

The Company's exposure to credit and market risk for financial assets is disclosed in Note 30(b).

23 Capital and reserves

(a) Ordinary shares as at 31 December 2023

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
289,823,447 ordinary shares of 50k each (2022: 289,823,447 ordinary shares of 50k each)	144,912	144,912	144,912
Issued and fully paid 289,823,447 ordinary shares of 50k each	**144,912**	**144,912**	**144,912**

(b) Share premium

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
At 1 January	**635,074**	**635,074**	**635,074**
At 31 December 2023	**635,074**	**635,074**	**635,074**

24 Trade and other payables

(a) Trade and other payables comprises:

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Trade payables	657,394	648,296	681,276
Customer deposits for paints	287,889	287,889	210,738
Statutory payables *	164,098	164,098	175,414
Pension payable (Note (b))	17,182	17,182	7,655
Provision and accruals **	312,573	312,573	141,900
Other payables	10,148	10,148	9,491
	1,418,884	**1,409,786**	**1,226,474**

Notes to the Consolidated and Separate Financial Statements

24 Trade and other payables

Other payables include gratuity and co-operative deductions

The Group and Company's exposure to liquidity risks related to trade and other payables is disclosed in Note 30(b).

(b) ***Pension payable***

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Balance at 1 January	7,655	7,655	5,216
Charge for the year	69,152	69,152	68,974
Remittances	(59,625)	(59,625)	(66,535)
Balance at 31 December	**17,182**	**17,182**	**7,655**

(c) Reconciliation of changes in trade and other payables included in statement of cash flows

In thousands of naira	**31-Dec-23**	**31-Dec-23**	**31-Dec-22**
Movement in trade and other payable	192,410	183,312	307,689
Changes in trade and other payables per statement of cash flows	**192,410**	**183,312**	**307,689**

* Statutory payables relates to withholding tax payable, PAYE payable, VAT payable, ITF payable .

** Provisions and accruals relates to provision for rebates, professional and consultancy fees, and expenses.

25 Deferred income

Deferred income comprises: *In thousands of naira*	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Government grant (note (a))	199,877	199,877	65,968
Deferred project income	6,303	6,303	-
Lease income received in advance	18,026	18,026	26,073
Deferred income	**224,206**	**224,206**	**92,041**
Non-current	166,138	166,138	59,005
Current	58,068	58,068	33,036
	224,206	**224,206**	**92,041**

Reconciliation of changes in trade and other payables included in statement of cash flows

In thousands of naira	**31-Dec-23**	**31-Dec-23**	**31-Dec-22**
Movement in deferred income	(132,165)	(132,165)	28,006
Changes in deferred income per statement of cash flows	**(132,165)**	**(132,165)**	**28,006**

(a) Government grant arises as a result of the benefit received from below-market-interest rate government assisted loans, obtained from the Bank of Industry. During the year, the Group obtained Bank of Industry loan to augment working capital and for the procurement of plant and machinery for the company's paint manufacturing business.

26 Loans and borrowings

Group

In thousands of naira

31 December 2023	**Non-current liabilities**	**Current liabilities**	**Total**
Borrowings - Bank of Industry (BOI) Loan	322,815	22,403	345,218
	322,815	**22,403**	**345,218**

Company

In thousands of naira

31 December 2023	**Non-current liabilities**	**Current liabilities**	**Total**
Borrowings - Bank of Industry (BOI) Loan	322,815	22,403	345,218
	322,815	**22,403**	**345,218**

Notes to the Consolidated and Separate Financial Statements

Company (cont'd)

31 December 2022	**Non-current liabilities**	**Current liabilities**	**Total**
Borrowings - BOI Loan	-	25,131	25,131
	-	**25,131**	**25,131**

Information about the Company's exposure to interest rate, foreign currency and liquidity risks is included in Note 30(b).

(a) **Terms and repayment schedule**

				31 December 2023		**31 December 2022**	
In thousands of naira	**Curr**	**Nominal interest rate**	**Year of maturity**	**Face Value**	**Carrying amount**	**Face Value**	**Carrying amount**
(i) Bank of Industry loan	NGN	10%	2023	-	-	26,573	25,131
(ii) Bank of Industry loan (Plant and machinery)	NGN	9%	2029	279,746	179,190	-	-
(iii) Bank of Industry loan (Working capital)	NGN	12%	2026	202,588	166,028	-	-
Total interest-bearing loans				**482,334**	**345,218**	**26,573**	**25,131**

Bank of Industry Loan

i The loan is a Central Bank of Nigeria (CBN) intervention fund through Bank of Industry (BOI), which is secured by a "duly executed Negative Pledge" in favour of Fidelity Bank Plc. The applicable interest rate is 10% per annum. The loan is repayable in seventy monthly instalments between Mar. 2018 to Mar. 2023.

ii The loan was obtained to finance the procurement of plant and machinery for the company's paint manufacturing business. The applicable interest rate is 9% per annum. The loan is repayable over a period of 72 months (including a moratorium of 12 months between October 2023 to September 2024).

iii The loan was obtained to augment working capital for the procurement of raw material. The applicable interest rate is 12% per annum. The loan is repayable over a period of 36 months (including a moratorium of 12 months including October 2023 to September 2024).

(b) **Movement in loans and borrowings**

in thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Balance, beginning of year	25,131	25,131	145,373
Additions	345,604	345,604	-
Repayment of principal	(25,131)	(25,131)	(126,652)
Repayment of interest	(15,923)	(15,923)	(6,687)
Government grant	(12,882)	(12,882)	(2,454)
Interest accrued in profit or loss	28,419	28,419	15,551
Balance, end of the period	**345,218**	**345,218**	**25,131**

27 Dividends

The following dividends were declared and paid by the Company;

	Per share (kobo)	**31-Dec-23 N'000**	**Per share (kobo)**	**31-Dec-22 N'000**
2023 Interim dividend declared	20	57,965	-	-
Dividend declared	70	202,876	40	115,929

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

Dividend payable

The movement in dividend payable is as follows:

In thousands of naira	**31-Dec-23**	**31-Dec-23**	**31-Dec-22**
At 1 January	390,796	390,796	363,407
Dividend declared	260,841	260,841	115,929
Payments	(269,356)	(269,356)	(88,540)
At 31 December 2023	382,281	382,281	390,796

On March 26, 2024, a final dividend of 80 kobo per share was proposed by the Directors for approval at the Annual General Meeting.

Notes to the Consolidated and Separate Financial Statements

28 Related Parties

Related parties include the Group's shareholders, directors, their close family members and any employee who is able to exert a significant influence on the operating policies of the Group. 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 Company, directly or indirectly, including any director (whether executive or otherwise) of the Company.

A. Transactions with key management personnel

Key management personnel compensation comprised the following:

In thousands of naira	**31-Dec-23**	**31-Dec-23**	**31-Dec-22**
Short-term benefits	127,772	117,593	112,505
Post employment benefits	-	-	2,437
	127,772	117,593	114,942

The aggregate value of transactions and outstanding balances related to key management personnel and other related parties were as follows.

Related party	Nature of transaction	Transaction values		Balance Receivable/(Payable)	
		31 Dec. 2023	31 Dec. 2022	31 Dec. 2023	31 Dec. 2022
		N'000	N'000	N'000	N'000
Emychem Limited	Supply of raw materials	-	34,238	-	-
Swift Painting Nigeria Limited	Supply and apply Projects	6,572	23,827	30,399	23,827
		6,572	58,065	30,399	23,827

Emychem Limited

During the period, the Company bought various raw materials from Emychem Limited and also continued with the development of product formulation for the new automated water based paint factory of the Company. The Managing Director of Emychem Limited is Mr. Raj Mangtani and is also a non-executive director on the Board of Directors of Berger Paints Nigeria Plc.

29 Information regarding subsidiaries

29.1 Subsidiaries

Details of the Group's subsidiaries at the end of the reporting year are as follows;

Direct subsidiaries	Principal Activity	Place of incorporation and operation	Proportion of ownership or voting power held by the Group
			31 Dec. 23
Swift Painting Nigeria Limited	Rendering of professional painting services	Nigeria	100.00%
Lewis Berger Ghana Limited	Dormant	Ghana	100.00%

Notes to the Consolidated and Separate Financial Statements

29.2 Investments in subsidiaries

In thousands of naira		Group 31 Dec. 2023	Company 31 Dec. 2023	Company 31 Dec. 2022
Swift Painting Nigeria Limited	Rendering of professional painting services	-	20,000	-
Lewis Berger Ghana Limited	Dormant	-	-	-
		-	20,000	-

Swift Painting Nigeria Limited

Swift Painting Nigeria Limited was incorporated in 2022 as wholly owned Paints Application subsidiary of Berger Paints Nigeria Plc. The Company started operations on January 1, 2023. The Company's account has been consolidated with that of Berger Paints Nigeria Plc.

Lewis Berger Ghana Limited

The Company incorporated a subsidiary in Ghana, Lewis Berger Ghana Limited, on 23 October 2013. As at 31 December, 2023, the subsidiary have remained dormant and had not commenced operations. There is no financial information in the records of the subsidiary and as such, the subsidiary has not been consolidated.

29.3 Eliminations and Adjustments

Elimination and Adjustments relate to the following:

a. Non-current assets of N20 million is due to the elimination of investment in subsidiaries with the parent’s share of their equity.

b. Current assets of N30.4 million is due to the elimination of current inter-company payable and receivable balances.

Notes to the Consolidated and Separate Financial Statements

30 Financial instruments – Fair values and financial risk management

(a) **Classification of financial instruments and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. As at 31 December 2023, the Group did not have financial assets and liabilities measured at fair value through other comprehensive income or fair value through profit or loss.

Group

31 December 2023

			Fair value			
In thousands of naira	**Note**	**Amortized Cost**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value						
Other financial assets	22	257,122	-	257,122	-	257,122
Trade and other receivables	18	297,129	-	297,129	-	297,129
Cash and cash equivalents	21	802,287	-	802,287	-	802,287
		1,356,538	**-**	**1,356,538**	**-**	**1,356,538**
Financial liabilities not measured at fair value						
Loans and borrowings	26	345,218	-	482,334	-	482,334
Trade and other payables*	24	667,542	-	667,542	-	-
Dividend payable	27	382,281	-	382,281	-	-
		1,395,040	**-**	**1,532,157**	**-**	**482,334**

Company

31 December 2023

			Fair value			
In thousands of naira		**Amortized Cost**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value						
Other financial assets	22	257,122	-	257,122	-	257,122
Trade and other receivables	18	310,035	-	310,035	-	310,035
Cash and cash equivalents	21	798,037	-	798,037	-	798,037
		1,365,194	**-**	**1,365,194**	**-**	**1,365,194**
Financial liabilities not measured at fair value						
Loans and borrowings	26	345,218	-	482,334	-	482,334
Trade and other payables*	24	658,444	-	658,444	-	658,444
Dividend payable	27	382,281	-	382,281	-	382,281
		1,385,943	**-**	**1,523,059**	**-**	**1,523,059**

Company

31 December 2022

			Fair value			
In thousands of naira		**Amortized Cost**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets not measured at fair value						
Other financial assets	22	359,747	-	359,747	-	359,747
Trade and other receivables	18	243,351	-	243,351	-	243,351
Cash and cash equivalents	21	495,838	-	495,838	-	495,838
		1,098,936	**-**	**1,098,936**	**-**	**1,098,936**
Financial liabilities not measured at fair value						
Loans and borrowings	26	25,131	-	25,131	-	25,131
Trade and other payables*	24	690,767	-	690,767	-	690,767
Dividend payable	27	390,796	-	390,796	-	390,796
		1,106,694	**-**	**1,106,694**	**-**	**1,106,694**

Notes to the Consolidated and Separate Financial Statements

(a) **Classification of financial instruments and fair values (cont'd)**

*Trade and other payables excludes statutory deductions such as Value Added Tax payable, Withholding Tax payable, Pay As You Earn (PAYE) payable, Pension payable and other non-income taxes payables.

The carrying amount of financial instrument such as short term trade and other receivables, other financial asset, cash and cash equivalent, trade and other payables and dividend payable are a reasonable approximation of their fair values due to their short term maturity and the consequent insignificant impact of discounting. Hence, no further fair value information has been disclosed.

- **Financial instruments in level 1**

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

The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise treasury bills classified as available for sale.

- **Financial instruments in level 2**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

(i) quoted market prices or dealer quotes for similar instruments;

(ii) other techniques, such as discounted cash flow analysis, sales prices of comparable properties in close proximity, are used to determine fair value for the remaining financial instruments.

Adjustment to level 2 inputs will vary depending on factors specific to the asset or liability such as the location or condition of the asset.

(b) Financial risk management

Overview

The Group has exposure to the following risks arising from financial instruments:

● Credit risk
● Liquidity risk
● Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

(i) **Risk management framework**

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

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

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group's Audit Committee is assisted in its oversight role by the Internal Audit Function, outsourced to Bamidele Daramola & Co.

Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Notes to the Consolidated and Separate Financial Statements

(b) Financial risk management (cont'd)

(ii) **Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments.

Exposure to credit risk

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

In thousands of naira	**Group 31 Dec. 2023**	**Company 31 Dec. 2023**	**Company 31 Dec. 2022**
Trade and other receivables (See (a) below)	295,357	277,864	219,524
Cash and cash equivalents (excluding cash at hand) (See (b) below)	802,218	797,968	495,643
Other financial assets (See (b) below)	257,122	257,122	359,747
	1,354,697	1,332,954	1,074,914

(a) Trade and other receivables

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Net trade and lease receivables (See a(i) below)	203,495	186,002	132,168
Deposit with Company registrar (See a(ii) below)	89,796	89,796	81,036
Staff debtors (See a(iii) below)	1,760	1,760	1,264
Other receivables (See a(iii) below)	306	306	5,056
	295,357	**277,864**	**219,524**

(i) Net trade and lease receivables

The Company's exposure to credit risk in respect of trade receivables is influenced mainly by the individual characteristics of each customer. The Company has established a credit policy under which each new customer is analysed individually for credit worthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings when available, and in some cases bank references. Credit sales limits are established for each customer and are reviewed regularly. The concentration of credit risk is limited due to the large and unrelated customer base. The Company has pledged no trade receivables during the period.

The Group limits its credit risk from trade receivable by establishing a maximum payment of 30 and 60 days depending on the customer credit rating.

Concentration of risk

At 31 December 2023, the maximum exposure to credit risk for trade receivables by type of counterparty was as follows;

	Carrying amount		
In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Wholesale customers	55,463	55,463	54,806
Retail customers (Home owners)	39,006	21,513	24,250
Others (Corporates)	124,901	124,901	153,454
Lease receivable	89,804	89,804	83,688
	309,174	**291,681**	**316,198**
Impairment losses on financial assets recognised in profit or loss were as follows:			
- Impairment loss on trade receivable arising from contracts for sale	21,991	21,991	100,342
- Impairment loss on investment property lease contracts	83,688	83,688	83,688
	105,679	**105,679**	**184,030**
Net trade and lease receivables	**203,495**	**186,002**	**132,168**

Notes to the Consolidated and Separate Financial Statements

Concentration of risk (cont'd)

The Group uses an allowance matrix to measure the expected credit loss (ECL) from trade receivables from sale of paints and rental of investment property. The exposures are calculated separately for each segment based on their common characteristics. Loss rates are calculated based on actual loss experienced over the past three years. These rates adjusted by a scalar factor to reflect differences in economic conditions during the period over which the historical data has been collected and the Group's view of economic conditions over the expected lives of the receivables. The scalar factor is based on forecasted inflation rates and industry outlook.

At 31 December 2023, the ageing of trade receivables was as follows:

Group

31 December 2023

In thousands of naira	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	0%	80,117	-	80,117
Past due 1–30 days	No	1%	71,422	(756)	70,666
Past due 31–60 days	No	11%	37,225	(3,958)	33,267
Over 61 days due	No	56%	30,606	(17,277)	13,329
			219,370	**(21,991)**	**197,379**

Company

31 December 2023

In thousands of naira	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	0%	62,624	-	62,624
Past due 1–30 days	No	1%	71,422	(756)	70,666
Past due 31–60 days	No	11%	37,225	(3,958)	33,267
Over 61 days due	No	56%	30,606	(17,277)	13,329
			201,877	**(21,991)**	**179,886**

31 December 2022

In thousands of naira	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	0%	2,591	-	2,591
Past due 1–30 days	No	8%	95,578	(7,768)	87,810
Past due 31–60 days	No	12%	47,606	(5,839)	41,767
Over 61 days due	Yes	100%	86,735	(86,735)	-
			232,510	**(100,342)**	**132,168**

At 31 December 2023, the ageing of lease receivables was as follows:

Group

31 December 2023

In thousands of naira	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	0%	6,116	-	6,116
Over 61 days due	Yes	100%	83,688	(83,688)	-
			89,804	(83,688)	6,116

Notes to the Consolidated and Separate Financial Statements

Concentration of risk (cont'd)

Company

31 December 2023

In thousands of naira	Credit impaired	Weighted average loss	Gross	Impairment	Net
Current (not past due)	No	0%	6,116	-	6,116
Over 61 days due	Yes	100%	83,688	(83,688)	-
			89,804	(83,688)	6,116

31 December 2022

In thousands of naira	Credit impaired	Weighted average loss	Gross	Impairment	Net
Over 61 days due	Yes	100%	83,688	(83,688)	-
			83,688	(83,688)	-

The Group does not hold collateral on these balances. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

Movement in the allowance for impairment in respect of trade receivable during the period was as follows:

	Group	**Company**	**Company**
	31-Dec-23	**31-Dec-23**	**31-Dec-22**
In thousands of naira			
Balance as at 1 January	184,030	184,030	172,451
Bad debt written off	(33,785)	(33,785)	-
(Write back)/Impairment loss of receivables	(44,566)	(44,566)	11,579
Balance as at 31 December	105,679	105,679	184,030

(ii) Deposit with Company Registrar

This represents amounts held with the Company registrar in respect of payments of declared dividends to shareholders on behalf of the Company. This represents the Company's maximum credit exposure to the financial asset. The refund of this receivable is as stipulated by the Securities Exchange Commission's set guidelines.

The Company's registrar is Meristem Registrars Limited. The Company has assessed the credit risk as low and the ECL is immaterial.

(iii) Staff debtors and other receivables

This mainly represents lease receivable in respect of rent of an insignificant portion of the Group's building propeties to third parties and receivables from employees.

These receivables are payable on demand and its contractual period is less than 12 months. The Group has assessed the counter parties to have sufficient net liquid assets and are considered to be low credit risk, hence, the expected expected credit loss is immaterial.

Consequently, the Group has not incurred impairment loss in respect of staff debtors and other receivables.

(b) Cash and cash equivalents and other financial asset:

The Group and Company held cash and cash equivalents and other financial asset as at 31 December 2023 amounting to ₦802 million and ₦257 million and ₦798 million (2022: N496 million) and ₦257 million (2022: N359 million) respectively which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with commercial banks with good external ratings. The Group manages the risk associated with its cash and cash equivalents by selecting banks with strong financial position and history of good performance.

Impairment on cash and cash equivalent has been measured on a 12 month expected credit loss basis and reflects the short maturities of the exposures. The Group considered that its cash and cash equivalent and other financial asset have low credit risk and the assessed ECL is not considered material.

Notes to the Consolidated and Separate Financial Statements

(iii) **Liquidity risk**

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

The Group aims to maintain the level of cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next 60 days. The Group also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 December 2023, the expected cash flows from trade and other receivables maturing within three months from Group and Company were ₦203 million and ₦186 million (2022: ₦127 million) respectively. This excludes potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements:

Group

31 December 2023

		Contractual cash flows					
In thousands of naira	**Carrying Amount**	**Total**	**6 months or less**	**6-12 months**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
Loans and borrowings	345,218	482,334	-	28,538	228,308	178,864	46,624
Trade and other payables*	1,237,604	1,237,604	1,237,604	-	-	-	-
Dividend payable	382,281	382,281	382,281	-	-	-	-
	1,965,103	**2,102,220**	**1,619,885**	**28,538**	**228,308**	**178,864**	**46,624**

Company

31 December 2023

		Contractual cash flows					
In thousands of naira	**Carrying Amount**	**Total**	**6 months or less**	**6-12 months**	**1 – 2 years**	**2 – 5 years**	**More than 5 years**
Loans and borrowings	345,218	482,334	-	28,538	228,308	178,864	46,624
Trade and other payables*	1,228,506	1,228,506	614,253	614,253	-	-	-
Dividend payable	382,281	286,711	191,141	95,570	-	-	-
	1,956,005	**1,997,551**	**805,394**	**738,361**	**228,308**	**178,864**	**46,624**

Notes to the Consolidated and Separate Financial Statements

Exposure to liquidity risk (cont'd)

Company

31 December 2022

In thousands of naira	Carrying Amount	Contractual cash flows Total	6 months or less	6-12 months	1 – 2 years	2 – 5 years	More than 5 years
Loans and borrowings	25,131	26,573	26,573	-	-	-	-
Trade and other payables*	1,043,405	1,043,405	521,702	521,703	-	-	-
Dividend payable	390,796	390,796	195,398	195,398	-	-	-
	1,459,332	**1,460,774**	**743,673**	**717,101**	-	-	-

*Trade and other payables excludes statutory deductions such as non-income tax and pension payables

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(iv) **Market risk**

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

1. ***Currency risk***

The Group is exposed to currency risk on purchases that are denominated in a currency other than the functional currency of the Group. The functional currency of the Group is primarily the Naira. The currencies in which these transactions are primarily denominated are Naira (N), Euro (€), US Dollars (US$) and Pounds Sterling (GBP). The currency risk is the risk that the fair value or future cash flows of financial instrument will fluctuate due to the changes in foreign exchange rates.

The Group's policy is to ensure that its net exposure in respect of monetary assets and liabilities denominated in foreign currencies are kept to an acceptable level. The Group monitors the movement in foreign currencies on an ongoing basis and takes appropriate actions as necessary.

Exposure to currency risk

The summary quantitative data about the Group's exposure to currency risk is as follows:

Group	**31 December 2023**			**31 December 2022**		
	US$	€	GBP	US$	€	GBP
Foreign currency included in cash and cash equivalents	72,216	973	356			

Company	**31 December 2023**			**31 December 2022**		
	US$	€	GBP	US$	€	GBP
Foreign currency included in cash and cash equivalents	72,216	973	356	89,313	973	356

Notes to the Consolidated and Separate Financial Statements

Exposure to currency risk (cont'd)

The following significant exchange rates were applied;

Group	**Average rate during the year**		**Year end spot rate**	
Naira	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
US$ 1	899.90	-	951.29	-
€ 1	993.10	-	1052.49	-
GBP 1	1,144.00	-	1142.79	-

Exposure to currency risk(cont'd)

Company	**Average rate during the year**		**Year end spot rate**	
Naira	31-Dec-23	31-Dec-22	31-Dec-23	31-Dec-22
US$ 1	899.90	426.58	951.29	461.10
€ 1	993.10	448.08	1052.49	492.32
GBP 1	1,144.00	525.66	1142.79	555.21

Sensitivity analysis

A reasonably possible strengthening /(weakening) of the naira against all other currencies at 31 December 2023 would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular interest and inflation rates, remain constant and ignores any impact of forecast purchases.

	Profit or loss	
In thousands of Naira	**Strengthening**	**Weakening**
Group and Company		
31 December 2023		
US$ (20% movement)	13,740	(13,740)
€ (20% movement)	205	(205)
GBP (20% movement)	81	(81)
Company		
31 December 2022		
US$ (20% movement)	(8,236)	(8,236)
€ (20% movement)	(96)	(96)
GBP (20% movement)	(40)	(40)

Notes to the Consolidated and Separate Financial Statements

2. ***Interest rate risk***

The Group and Company adopts a policy of ensuring that all its interest rate risk exposure is at fixed rate. This is achieved by entering into fixed rate instruments.

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

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments was:

Group

Fixed rate instruments	**Nominal amount**	
In thousands of naira	**31-Dec-23**	**31-Dec-22**
Financial liabilities:		
Short term borrowings	22,403	-
Long term borrowing	322,815	-
	345,218	-

Company

Fixed rate instruments	**Nominal amount**	
In thousands of naira	**31-Dec-23**	**31-Dec-22**
Financial liabilities:		
Short term borrowings	22,403	137,498
Long term borrowing	322,815	7,875
	345,218	145,373

Fair value sensitivity analysis for fixed rate instruments

The Group and Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The Group and Company does not have any variable rate financial assets and liabilities as at 31 December 2023 (December 2022: Nil).

(c) Capital management

The Group and Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. This is done by using a ratio of adjusted net debt to adjusted equity. Adjusted net debt has been defined as total liabilities, comprising loans and borrowings, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Group and Company's adjusted net debt to equity ratio at 31 December, was as follows.

Group	**31-Dec-23**	**31-Dec-22**
In thousands of naira		
Total liabilities	3,088,667	-
Less: Cash and Cash equivalents	(802,287)	-
Adjusted net debt	2,286,380	-
Total Equity	3,507,934	-
Net debt to equity ratio	0.65	-

Notes to the Consolidated and Separate Financial Statements

(c) Capital management (cont'd)

Company	**31-Dec-23**	**31-Dec-22**
In thousands of naira		
Total liabilities	3,079,569	1,879,966
Less: Cash and Cash equivalents	(798,037)	(217,629)
Adjusted net debt	2,281,532	1,662,337
Total Equity	3,531,401	3,323,445
Net debt to equity ratio	0.65	0.50

31 Leases

A. Leases as Lessee (IFRS 16)

The Group and Company leases land which is for a minimum lease term of 99 years. This lease was entered into several years ago and was classified as leasehold land.

As at 31 December 2023, the Group and Company has ongoing lease arrangement for the right to use of motor vehicles, required for the replacement of aged sales field force vehicles and part of administrative/operations use. The lease expires in 2022; however, management has the intention to exercise the purchase option.

Right of use assets related to leased assets are presented as property, plant and equipment (see Note 14(f)). Interest on lease liabilities as well as the repayments of the lease has been included in loans and borrowings (see Note 26(a)).

B. Leases as Lessor

The Group and Company leases out its investment property consisting of its owned commercial properties (see Note 16).

The Group and Company has clasified these leases as operating lease, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the investment property.

a. Future minimum lease payments

At as 31 December 2023 there are no future minimum lease receivables under non cancellable lease and each of the leases are one year (2022: Nil)

In thousands of naira	**Group 31-Dec-23**	**Company 31-Dec-23**	**Company 31-Dec-22**
Less than one year	69,942	69,942	78,646
Between one and five years	19,862	19,862	5,042
	89,804	**89,804**	**83,688**

b. Amounts recognised in profit or loss

Investment property lease income recognised for the year is ₦33 million (2022: ₦43 million) and was included in 'Other income' (note 6). Depreciation expense on the investment property was included in 'Expenses' (note 9(b)).

32 Provision of Non Audit Services

The details of non-audit services and the applicable fees paid during the period ended 31 December 2023 were:

In thousands of naira	**Group 31 Dec. 2023**	**Company 31 Dec. 2023**	**Company 31 Dec. 2022**
i. Tax services	1,808	1,808	1,640
ii. Transfer pricing advisory services	1,113	1,113	1,010
iii. Attestation of Internal Control over Financial Reporting	6,000	6,000	-

33 Contingencies

There is a pending litigation as at 31 December 2023 arising from the litigation case between Sowerscreed Ventures Ltd vs the Company where the plaintiff has sued on the breach of the outsourced business partnership agreement between the parties. No provision has been recorded as the Director's have assessed that the claimants' claim is unlikely to succeed based on the terms of the agreement and hence no material loss is expected on conclusion of the case. The claim against the Company amounted to N310 million. (2022: N310 million).

Notes to the Consolidated and Separate Financial Statements

34 Subsequent events

On March 26, 2024, a final dividend of 80 kobo per share was proposed by the Directors for approval at the Annual General Meeting. There were no other events after the reporting date that could have had a material effect on the consolidated and separate financial statements that have not been provided for or disclosed in these financial statements.

35 Operating segments

a. Basis of segmentation

The Company has three reportable segments, as described below, which are the Company's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different process and marketing strategies. For each of the strategic business units, the Company's Management Committee review internal management reports on a weekly basis. The following summary describes the operations in each of the Company's reportable segments:

Reportable segments	**Operations**
Paints and allied products	Manufacturing, distributing and selling of paints and allied products
Contract revenue	Rendering of painting services
Investment property rental income	Investment property rentals

The accounting policies of the reportable segments are described in Notes 4.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before taxation, as included in the internal management reports that are reviewed by the Group and Company's Management Committee. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

b. Information about reportable segments

Group

Profit or loss

In thousands of naira

	Paints and allied products	**Contract revenue**	**Investment property rental income**	**Unallocated**	**Total**
31 December 2023					
External revenues	7,603,703	363,843	33,315	-	8,000,861
Finance income	-	-	-	40,546	40,546
Finance costs	-	-	-	(28,419)	(28,419)
Depreciation & amortisation	(214,869)	(1,694)	(20,360)	-	(236,923)
Writeback/ (Impairment loss) on trade receivables	44,566	-	-	-	-
Reportable segment profit /(loss) before taxation	677,244	73,990	12,955	12,127	776,316

Notes to the Consolidated and Separate Financial Statements

b. Information about reportable segments (cont'd)

Company

Profit or loss

In thousands of naira

	Paints and allied products	Contract revenue	Investment property rental income	Unallocated	Total
31 December 2023					
External revenues	7,603,703	306,478	33,315	-	7,943,496
Finance income	-	-	-	40,546	40,546
Finance costs	-	-	-	(28,419)	(28,419)
Depreciation & amortisation	(214,869)	-	(20,360)	-	(235,229)
Writeback/ (Impairment loss) on trade receivables	44,566	-	-	-	-
Reportable segment profit /(loss) before taxation	677,243	97,457	12,955	12,127	799,783

	Paints and allied products	Contract revenue	Investment property rental income	Unallocated	Total
31 December 2022					
External revenues	6,198,304	133,330	43,134	-	6,374,768
Finance income	-	-	-	14,865	14,865
Finance costs	-	-	-	(3,011)	(3,011)
Depreciation & amortisation	(227,506)	-	(20,360)	-	(247,866)
Impairment loss on trade receivables	-	-	(11,579)	-	(11,579)
Reportable segment profit	330,003	34,738	11,195	11,854	387,790

Assets and liabilities by reportable segments are not presented to the Chief Operating Decision Maker (Management Committee) on a regular basis. Therefore, information on segment assets and liabilities has not been presented.

Reconciliation of reportable segment revenue, profit or loss, assets and liabilities and other material items

Revenues

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

Profit or loss

In thousands of naira	Group 31-Dec-23	Company 31-Dec-23	Company 31-Dec-22
Total profit or loss before taxation for reportable segments	764,189	787,656	375,936
Unallocated finance income	40,546	40,546	14,865
Unallocated finance costs	(28,419)	(28,419)	(3,011)
Profit before taxation	776,316	799,783	387,790

Other material items

There are no significant reconciling items between other material items for the reportable segments and Company total.

Major customer

Revenue from one customer does not represent up to 10% of the Group's total revenue. Therefore, information on major customers is not presented.

Other National Disclosures

Other National Disclosures
Value Added Statement

For the year ended 31 December 2023
In thousands of naira

	Note	Group * 31-Dec-23	%	Company 31-Dec-23	%	Company 31-Dec-22	%
Sales	5	7,968,979		7,910,181		6,331,634	
Finance Income	7	53,458		53,458		17,319	
Other income	6	83,985		83,985		92,534	
		8,106,422		8,047,624		6,441,487	
Bought in materials and services							
- Imported		(440,679)		(440,679)		(85,920)	
- Local		(5,782,420)		(5,712,028)		(4,973,694)	
Value added		1,883,324	100	1,894,917	100	1,381,874	100
Distribution of value added							
To Employees:							
Personnel expenses	10(a)	841,665	44	831,486	44	762,878	55
To Providers of Finance:							
Interest on loans	7	28,419	1	28,419	1	15,551	1
To Government:							
Taxation	11(a)	330,986	18	330,986	17	146,909	11
Retained in the business as:							
Depreciation	9(b)	226,046	12	224,352	12	239,541	17
Amortisation	15	10,877	1	10,877	1	8,325	1
To augment reserve		445,330	24	468,797	25	208,670	15
		1,883,324	100	1,894,917	100	1,381,874	100

Value added is wealth created by the efforts of the Company and its employees and its allocation between employees, shareholders, government and re-investment for the creation of future wealth.

* Only one year value added statement has been prepared for the Group because 31 December 2023 is the first year of consolidation

Other National Disclosures
Five Year Financial Summary

In thousands of naira	Group *	Company				
	2023	**2023**	**2022**	**2021**	**2020**	**2019**
Funds employed						
Share capital	144,912	144,912	144,912	144,912	144,912	144,912
Share premium	635,074	635,074	635,074	635,074	635,074	635,074
Retained earnings	2,727,948	2,751,415	2,543,459	2,450,717	2,366,986	2,293,414
Shareholder's fund	3,507,934	3,531,401	3,323,445	3,230,703	3,146,972	3,073,400
Current liabilities	2,065,966	2,056,868	1,690,196	1,439,061	1,328,867	1,465,725
Non-current liabilities	1,022,701	1,022,701	514,887	440,905	496,033	527,324
	6,596,601	**6,610,970**	**5,528,528**	**5,110,669**	**4,971,872**	**5,066,449**
Assets employed						
Non current assets	2,891,769	2,897,482	2,883,117	3,064,279	3,212,821	3,292,840
Current assets	3,704,832	3,713,488	2,645,411	2,046,390	1,759,051	1,773,609
	6,596,601	**6,610,970**	**5,528,528**	**5,110,669**	**4,971,872**	**5,066,449**

In thousands of naira	**2023**	**2023**	**2022**	**2021**	**2020**	**2019**
Revenue	7,967,546	7,910,181	6,331,634	4,964,796	3,837,582	3,584,804
Profit before minimum tax	776,316	799,783	387,790	190,761	211,850	551,561
Profit before tax	776,316	799,783	355,579	178,089	210,903	533,099
Profit for the year	445,330	468,797	208,670	135,635	146,028	448,733
Other comprehensive income, net of tax	-	-	-	-	-	-
Declared dividend		260,841	115,929	115,929	72,456	188,385
Per 50k share data:						
Basic and diluted earnings per share (kobo)	154	162	72	47	50.00	47
Interim Declared dividend per share (kobo)		20	-	-	-	-
Final Declared dividend per share (kobo)		70	40	40	25	40
Net assets per share (kobo)	12	12	11	11	11	11

* Only one year financial summary has been prepared for the Group because 31 December 2023 is the first year of consolidation