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UNAUDITED FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2024

Statement of Profit or Loss and Other Comprehensive Income

For the Period ended 30 June

	Notes	3 months to June 2024 N'000	6 months to June 2024 ₦'000	3 months to June 2023 ₦'000	6 months to June 2023 ₦'000
Revenue from contracts with customers	4	8,348,499	15,489,039	4,891,700	9,741,094
Cost of sales	7(i)	(7,101,685)	(13,144,796)	(4,563,376)	(9,060,359)
Gross profit		**1,246,814**	**2,344,243**	**328,324**	**680,735**
Other operating income	8	19,028	32,720	13,100	30,516
Selling and Distribution expenses	7(ii)	(68,278)	(138,854)	(37,177)	(87,831)
Administrative expenses	7(iii)	(374,550)	(675,170)	(173,332)	(331,136)
Operating profit		**823,014**	**1,562,940**	**130,916**	**292,284**
Finance income	9	499	736	471	751
Finance costs	10	(441,713)	(911,630)	(106,280)	(237,249)
Profit before tax		**381,800**	**652,045**	**25,107**	**55,786**
Income tax expense	12(i)	(125,994)	(215,175)	(8,439)	(18,409)
Profit for the year		**255,806**	**436,870**	**16,668**	**37,376**
Other comprehensive income for the year (net of tax)		-	-	-	-
Total comprehensive income for the year, net of tax		**255,806**	**436,870**	**16,668**	**37,376**
Earnings per share(kobo)					
Basic earnings for the year attributable to ordinary equity holders	13	8.53	14.56	0.56	1.25
Diluted earnings for the year attributable to ordinary equity holders	13	8.53	14.56	0.56	1.25

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 30 June

	Notes	2024	2023
Assets		**₦'000**	**₦'000**
Non-current assets			
Property, plant and equipment	14(a)	1,292,717	1,150,910
Intangible assets	15	171,106	197,538
Total non-current assets		**1,463,823**	**1,348,448**
Current assets			
Inventories	16	8,318,245	9,598,916
Trade and other receivables	17	376,129	1,676,581
Refund assets	17	5,616	5,616
Prepayments	18	159,384	132,365
Other financial assets	19.2	17,283	17,283
Cash and cash equivalents	19.3	856,133	597,257
Total current assets		**9,732,790**	**12,028,018**
Total assets		**11,196,613**	**13,376,466**
Equity			
Issued capital	20	1,500,000	1,500,000
Share premium	20	693,344	693,344
Accumulated Deficits		(306,235)	(743,105)
Total equity		**1,887,109**	**1,450,239**
Current liabilities			
Trade and other payables	21	4,868,773	1,524,655
Refund liabilities	21.2	6,240	6,240
Income tax payable	12(iv)	228,369	116,222
Dividend payable	22	17,384	17,384
Interest-bearing loans and borrowings	23	4,188,738	10,261,726
Total current liabilities		**9,309,504**	**11,926,227**
Total liabilities		**9,309,504**	**11,926,227**
Total equity and liabilities		**11,196,613**	**13,376,466**

The Financial statements was approved and authorised for issue by the Board of Directors on the 25th July 2024 and was signed on its behalf by:

Chairman	**Managing Director**	**Chief Financial Officer**
Dr. Joseph Dada	**Mr. Adedeji Adegboyega**	**Mr. Adekunle Adepoju**
FRC/2016/APCON/00000014735	**FRC/2020/003/00000021439**	**FRC/2013/ICAN/00000004478**

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the Period ended ended 30 June

	Issued capital ₦'000	Share premium ₦'000	Accumulated Deficits ₦'000	Total equity ₦'000
At 1 January 2023	1,500,000	693,344	(513,087)	1,680,257
Profit for the year	-	-	37,376	37,376
Total comprehensive income, net of tax	-	-	37,376	37,376
At 30 June 2023	**1,500,000**	**693,344**	**(475,709)**	**1,717,635**
At 1 January 2024	1,500,000	693,344	(743,105)	1,450,239
Profit for the year	-	-	436,870	436,870
Total comprehensive income, net of tax	-	-	436,870	436,870
At 30 June 2024	**1,500,000**	**693,344**	**(306,235)**	**1,887,109**

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the period ended 30 June

	Notes	2024 ₦'000	2023 ₦'000
Operating activities			
Profit before tax		652,045	55,786
Depreciation of property, plant and equipment	14(a)	100,506	81,093
Amortisation of intangible assets	15	26,433	25,191
Finance cost	10	911,630	237,249
Finance income	9	(736)	(751)
Government grant	8	-	(4,966)
Changes in working capital:			
(Increase)/Decrease in inventories	16	1,280,672	778,587
(Increase)/Decrease in trade and other receivables	17	1,300,452	370,799
(Increase)/Decrease in prepayments	18	(27,019)	(28,423)
(Decrease)/ Increase in trade and other payables	21	3,124,415	990,176
Cash outflow generated (used in)/from operating activities		**7,368,399**	**2,504,740**
Income tax paid	12(iv)	(103,029)	(82,830)
Net cash used in/ generated from operating activities		**7,265,370**	**2,421,911**
Investing activities			
Interest received	9	736	751
Purchase of property, plant and equipment	14(a)	(242,314)	(185,265)
Net cash flows used in investing activities		**(241,578)**	**(184,514)**
Financing activities			
Interest paid	23 & 10	(706,777)	(272,818)
Proceeds from borrowings	23	1,375,172	-
Repayment of borrowings	23	(7,433,311)	(2,326,356)
Net cash flows generated from/ (used in) financing activities		**(6,764,916)**	**(2,599,174)**
Increase in cash and cash equivalents		258,876	(361,777)
Cash and cash equivalents at 1 January		597,257	477,841
Cash and cash equivalents at 30 June	19	**856,133**	**116,064**

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

For the period ended 30 June 2024

1 Corporate information

Livestock Feeds Plc was incorporated on 20th March,1963 and commenced business on 20th May, 1963. The Company was quoted on the Nigerian Stock Exchange in 1978. The Company is engaged principally in the manufacturing and marketing of animal feeds and concentrates. The registered office of the Company is located at 1 Henry Carr Street, Ikeja Lagos. The parent Company is UAC of Nigeria Plc.

Statement of compliance

The Company's financial statements for the period ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting, IFRS Accounting Sandards 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. Details of the Company's material accounting policies are included in Note 2.

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2 Summary of material accounting policies

Basis of preparation

The financial statement were authorized for issue by the Board of Directors on 25th July 2024. The financial statements are presented in Naira which is the Company's functional currency and all values are rounded to the nearest thousand (N'000), except when otherwise indicated.

a) 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 terms.

Inventories-lower of cost and net realisable Value

Provisions-measured at present value of the obligations

Notes to the Financial Statements - Continued

2.2 Summary of material accounting policies

b) Fair value measurement

The Company measures its financial instruments at fair value at each reporting date mainly for disclosure purpose. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

c) Revenue from contracts with customers

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

Notes to the Financial Statements - Continued

Revenue from contracts with customers - continued

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

The disclosures of material accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.

At contract inception, the Company assesses the goods or services promised to a customer and identifies as a performance obligation each promise to transfer to the customer either:

- a good or service (or a bundle of goods or services) that is distinct; or
- a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

The Company has identified one distinct performance obligations:

Contract for the sale of feeds and concentrates begins when goods have been delivered to the customer and revenue is recognised at the point in time when control of the goods has been transferred to the customer, generally on delivery of the goods. The normal credit term is 90 days upon delivery.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (if any). In determining the transaction price for the sale of feeds and concentrates, the Company considers the existence of significant financing components and consideration payable to the customer (if any).

i. Significant financing component

Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component since Livestock feeds Plc expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

ii. Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Volume incentives and trade discounts

When customers meet a set target in a particular month the Company gives a volume incentive. Trade discounts that range between 16%-20% are given to customers which is determined at the inception of the contract and are set-off against revenue.

Notes to the Financial Statements - Continued

Rights of return

Some contracts for the sale of Animal feeds provide customers with a right of return and volume rebates. When a contract provides a customer with a right to return the goods within a specified period, the consideration received from the customer is variable because the contract allows the customer to return the products. The Company used the expected value method to estimate the goods that will not be returned. For goods expected to be returned, the Company presented a refund liability and an asset for the right to recover products from a customer separately in the statement of financial position.

Assets and liabilities arising from rights of return.

Refund assets

Refund assets represent the Company's right to recover the goods expected to be returned by customers. The assets is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer.

The Company updates its estimates of refund (and the corresponding change in the transaction price) at the end of each reporting period

Principal vs Agent consideration

When another party is involved in providing goods or services to its customer, the Company determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Company is a principal and records revenue on a gross basis if it controls the promised goods or services before transferring them to the customer. However, if the Company’s role is only to arrange for another entity to provide the goods or services, then the Company is an agent and will need to record revenue at the net amount that it retains for its agency services.

PRACTICAL EXPEDIENTS

Revenue Recognition

Practical expedients

Livestock Feeds Plc (LSF) has elected to make use of the following practical expedients:

• LSF opted for the use of one year or less practical expedients for significant financing component.

• LSF applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

Other income

This comprises majorly profit from sale of plant and equipment,sales of sack, government grant and so on.

Income arising from disposal of items of plant and equipment and scraps is recognised at the time when proceeds from the disposal has been received by the Company.The profit on disposal is calculated as the difference between the net proceeds and the carrying amount of the assets.

Notes to the Financial Statements - Continued

d) Taxes

Current income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity or in other comprehensive income. Current income tax is the estimated income tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

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 and is assessed as follows:

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

Tertiary Education Tax

Tertiary Education Tax is charged on the assessable profit of the the Company at the rate of 3%. The assessable profit of the Company is ascertained in the manner specified in the Companies Income Tax Act (CITA). The assessable profit is arrived at by adjusting the profit before tax with non-deductible expenses and non-taxable income based on the Companies Income Tax Act. The Company offsets the tax assets arising from withholding tax credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognized amounts, and it intends either to settle on a net basis, or to realize the asset and settle the liablity simultaneously.

Minimum tax

Minimum Tax (determined based on 0.5% of qualifying Company's turnover (revenue) 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 recogised under tax payable in the statement of financial position.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability differs from its tax base. Deferred taxes are recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes (tax bases of the assets or liability). The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted by the reporting date.

Notes to the Financial Statements - Continued

Taxes - continued

Deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. 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. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and 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.

Value added tax (VAT)

Expenses and assets are recognised net of the amount of Value added tax (VAT), except:

- When the Value added tax (VAT) incurred on a purchase of assets or services is not recoverable from the tax authority, in which case, the Value added tax (VAT) is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of Value added tax (VAT) included

The net amount of value added tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

National Information Technology Development Agency Levy
National Information Technology Development Agency Levy is computed on Profit before tax but it is not applicable to the Companies in agricultural sector.

Nigeria Police Trust Fund Levy
Nigeria Police Trust Fund Levy is computed on the net profit(i.e profit deducting all expenses and taxes from revenue earned by the Company during the year) and is governed by the Nigeria Police Trust Fund (Establishment) Act,2019.

e) Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the entity's presentation currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-translation of unsettled monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income within other operating income.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

The Company does not have non-monetary assets and liabilities denominated in foreign currencies, therefore, there is no accounting policy in place.

Notes to the Financial Statements - Continued

f) Cash dividend

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. Based on the corporate laws of Nigeria, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity. However, where interim dividend is declared by the Board, it is recognised in the liability pending the approval of the shareholders. Dividends for the year that are approved after the statement of financial position date are disclosed as an event after the statement of financial position date where applicable.

g) Property, plant and equipment

Recognition

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment includes expenditures that are directly attributable to the acquisition of the asset. Property, plant and equipment under construction are disclosed as capital work-in-progress.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as a separate item of property, plant and equipment and are depreciated accordingly. Subsequent costs and additions are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Capital work in progress are uncompleted projects and they are not depreciated. Depreciation starts when the projects are completed and transferred to the relevant asset class.

All other repairs and maintenance costs are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred. Depreciation is recognised so as to write off the cost of the assets less their residual values over their useful lives, using the straight-line method on the following bases:

Major overhaul expenditure, including replacement spares and labour costs, is capitalised and amortised over the average expected life.The depreciation commences immediately the asset is available for intended use. Depreciation on other assets is calculated using the straight line method to allocate their cost over their estimated useful lives, as follows:

Leasehold Land	5 to 25 years
Building	10 to 33 years
Machinery & Equipment	2 to 10 years
Motor Vehicle	
- Automobile	1 to 10 years
- Truck	3 to 10 years
Computer Equipment	3 to 5 years
Office equipment	3 to 5 years
Capital work in progress	NIL

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss within 'other operating income' in the year that the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end, with the changes in estimates accounted for prospectively.

h) Intangible assets

Computer software

Purchased computer software is capitalised on the basis of costs incurred to acquire and bring into use the specific software. These costs are amortised on a straight line basis over the useful life of the asset. Computer software are purchased from the third parties. They are measured at cost less accumulated amortisation and accumulated impairment losses.

Expenditure that enhances and extends the benefits of computer software beyond their original specifications and lives, is recognised as a capital improvement cost and is added to the original cost of the software. All other expenditure is expensed as incurred.

Amortisation is recognised in the profit/loss on a straight-line basis over the estimated useful life of the software, from the date that it is available for use. The residual values and useful lives are reviewed at the end of each reporting period and adjusted if appropriate. An Intangible asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible assets, measured are as the difference between the net disposal proceeds and the carrying amount of the assets, are recognised in statement of profit or loss and other comprehensive income when the asset is derecognised. The useful life rate is 33.3%

i) Financial instruments – initial recognition and subsequent measurement

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

i) Financial assets

No changes were made in the objectives, policies or processes for managing capital during the periods ended 31 March 2024 and 2023.

Initial recognition and measurement

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

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

Notes to the Financial Statements - Continued

Financial assets - continued

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

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Company measures financial assets at amortised cost if both of the following conditions are met:

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

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

The Company's financial assets at amortised cost includes trade receivables, and receivables from related parties.

Derecognition

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

- The rights to receive cash flows from the asset have expired

  Or

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

Financial assets - continued

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

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

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments and other financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms (if any).

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL). The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

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

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

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Notes to the Financial Statements - Continued

Financial assets - continued

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD The Probability of Default is an estimate of the likelihood of default over a given time horizon.
- EAD The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise.
- LGD The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the Company would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

When estimating the ECLs, the Company considers three scenarios (a base case, an upside, a downside). Each of these is associated with different PDs, EADs and LGDs. In its ECL models, the Company relies on a broad range of forward looking information as economic inputs, such as:

- GDP growth
- Oil price
- Exchange rate
- Inflation rate

Other Financial Assets

Other financial assets relate to 90% of the unclaimed dividend returned by the registrar of the company. This is in compliance with the directives of the Nigeria Securities and Exchange Commission. The amount is placed in a fixed deposit account where a fixed interest rate is earned.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, armotized cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings and are classified at amortised cost.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Notes to the Financial Statements - Continued

Financial assets - continued

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate(EIR) method.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

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

j) Inventories

Inventories are stated at the lower of cost and net realisable value, with appropriate provisions for old and slow moving items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.Inventory quantities and values will be adjusted for spoilage,spillage and deterioration, expiration and any other loss as soon as it is discovered. Stock assessment must be carried out quarterly and the invetories should be measured at the lower of cost and net realizable value as provided for in IFRS.The comparison of cost and net realizable value should be carried out on an item-by-item basis but, where this is impracticable, groups of similar items shall be considered together. It is however, unacceptable to compare the total net realizable value of all inventories with their total purchase price or production cost. Where the net realizable value of an item is less than its cost, the excess is written off immediately in income statement.

Cost is determined as follows:-

Raw materials and packaging materials

Raw materials and packaging materials include purchase cost and other costs incurred to bring the materials to their location and condition are valued using weighted average cost.

Finished goods

Cost of direct materials and labour plus a reasonable proportion of overheads absorbed by manufacturing based on normal levels of activity.

Spare parts and consumables

Spare parts which are expected to be fully utilized in production within the next operating cycle and other consumables are valued at weighted average cost after making allowance for obsolete and damaged stocks.

Notes to the Financial Statements - Continued

k) Impairment of non-financial assets

Further disclosures relating to impairment of non-financial assets are also provided in the following notes:

• Disclosures for significant assumptions	Note 3
• Property, plant and equipment	Note 14(a)
• Intangible assets	Note 15

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

l) Cash and bank balances

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and bank balances, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

m) Provisions

A provision is recognized only if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date.

Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. The Company's provisions are measured at the present value of the expenditures expected to be required to settle the obligation.

Notes to the Financial Statements - Continued

n) Contigent liabilities and Contigent assets

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

o) Government grant

Benefits accruing to the Company on government assisted loans granted at a below market rate of interest is treated as a government grant. The benefit of such a government assisted loan is the difference between market rate of interest and the below market rate applicable to the government assisted loan.The grant so measured is recognised as income in the financial statements on a systemmatic basis over the tenor of the loan.

p) Pension and other post-employment benefits

i) Defined contribution scheme - pension

In line with the provisions of the Nigerian Pension Reform Act, 2014, Livestock Feeds Plc has instituted a defined contributory pension scheme for its employees. The scheme is funded by fixed contributions from employees and the Company at the rate of 8% by employees and 10% by the Company of basic, housing and transport allowance, and invested outside the Company through Pension Fund Administrators (PFAs) of the employees choice.

The Company has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employees' service in the current and prior periods.

The matching contributions made by Livestock Feeds Plc to the relevant PFAs are recognised as expenses when the costs become payable in the reporting periods during which employees have rendered services in exchange for those contributions. Liabilities in respect of the defined contribution scheme are charged against the profit of the period in which they become payable.
Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

q) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i) Right -of-use-assets (ROU)

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

Notes to the Financial Statements - Continued

ii) Lease liabilities

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

The Company has no lease liability as at 1 January 2023 and 31 December 2023 because all existing leases have been prepaid.

iii) Short-term leases

The Company applies the short-term lease recognition exemption to its short-term leases assets i.e Land and warehouses (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

r) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the internal chief operating-decision maker. The chief operating-decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Livestock Feeds Plc**.**

The Company's primary format for segment reporting is based on business operating segments. Where applicable, segment results, assets and liablities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

The basis of segmental reporting is geographical locations where the Company operates namely Ikeja for South west, Aba mill for South east, Onitsha operations for South south and Jos and Kano for the North.

s) Prepayments:

Prepayments are non-financial assets which result when payments are made in advance of the receipt of goods or services. They are recognized when the Company expects to receive future economic benefits equivalent to the value of the prepayments.

The receipt or consumption of the services is a reduction in the prepayment and a corresponding increase in expense or assets for that reporting period.

2.3 New and amended standards and interpretations

a. Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Company has applied a number of amendments to IFRSs issued by the International Accounting Standards Board (IFRS Accounting Standards) that are mandatorily effective for an accounting period that begins on or after 1 January 2023.

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

This 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.

Notes to the Financial Statements - Continued

New and amended standards and interpretations - continued

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 conditons, even if the amounts are immaterial. However, not all accounting policy information relting to material transactions, other events or conditions is itself matter.

(ii) Amendments to IAS 8 Definition of Accounting Estimates

The Company has adopted the amendments to IAS 8 Definition of Accounting Estimates for the first time in the current year. The amendment replaces 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". Entities develop accounting estimates if accounting policies require items in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not the correction of an error. There was no impact on the Finnacial Statements from the adoption of this amendment.

(iii) Amendments to IAS 12 Deferred Tax related to Assets and Liabilities from a Single Transaction

The Company has the amendments to IAS 12 for the first time in the current year. The amendments clarify how companies should account for deferred tax on certain transactions. e.g. leases and decommissioning provisions. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommisioning provision.

(iv) Annual Improvements to IFRS Standards 2018-2020

The Company has adopted the amendments included in the Annual Improvements to IFRS Accounting Standards 208- 2020 Cycle for the first time in 2022. The Annual Improvements include amendments to four standards.

(a) IFRS 1 First time adoption of International Financial Reporting Standards

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

(b) IFRS 9 Financial Instruments

The amendment clarifies that in applying the "10 per cent" test to assess whether to derecognize a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

(c) IFRS 16 Leases

The amendment removes the illustration of the reimbursement of leasehold improvements.

Notes to the Financial Statements - Continued

New and amended standards and interpretations - continued

(d) IAS 41 Agriculture

The amendment removes the requirement in IAS 41 for entities to exclude cash flows for taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fiar Value Measurement to use internally consisitent cash flows and discount ratesand enables preparers to determine whether to use pre-tax or post-tax cash gflows and discount rates for the most appropriate fair value measurement.

2.4 New and revised IFRS Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective. The Company is yet to fully assess the impact the new standards and amendments may have on its financial statements. The Company intends to adopt these standards, if applicable when they become effective.

(i) Amendements to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures- 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 joint venture is accounted for using the equity method, are recognized in the parents 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 measurement 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 recognized in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

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

The IASB has decided to defer the effective period of the amendments indefinitely.

(ii) Amendments to IAS 1 Presentation of Financial Statements- Classification of Liabilities as Current or Noncurrent

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of finnacial 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 convenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

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

Notes to the Financial Statements - Continued

New and amended standards and interpretations - continued

(iii) Amendments to IAS 1 Non-current liabilities with convenants

In October 2022, the IASB issued Non-current liabities with covenants, (Amendments to IAS 1), to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability so that:

a. It specifies that if the right to defer settlement for at least 12 months- is subject to an entity complying with conditions after the reporting period, then those conditions would not affect whether the right to defer settlement exists at the end of the reporting period (the reporting date) for the purposes of classifying a liability as current or non-current: and

b. for non-current liabilities subject to conditions, an entity is required to disclose information about:

i. the conditions (for example, the nature of and date by which the entity must comply with the condition);
ii. whether the entity would comply with the conditions based on its circumstances at the reporting date; and
iii. whether and how the entity expects to comply with the conditions by the date don which they are contractually required to be tested.

IASB tentatively decided to amend IAS 1 to require that an entity present separately in its statement of financial position 'non-current liabilities subject to conditions in the next 12 months' . This line item would include liabilities classified as non-current for which the right to defer settlement for at least 12 months is subject to the entity complying with conditions after the reporting date.

The amendments are effective for reporting periods beginning on or after January 1,2024.

(iv) Amendments to IFRS 16 Lease Liability in a Sale and Leaseback

The IFRS interpretation committee received a submission about IFRS 16 leases and a sale and leaseback transactionm with variable payments that do not depend on an index or rate and came to the conclusion (and the IASB agreed) that it would be beneficial to amend IFRS 16 to specify how a seller-lessee should apply the subsequent requirements IFRS 16 to the lease liability that arises in the sale and leaseback transaction. The following are key points to note with regards to the amendments.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment. The amendments are not expected to have a material impact on the Company.

Exception to the general requirements of determination of 'lease payments":

Lease payments as defined in IFRS 16 comprise the following:

i. fixed payments (including in-substance fixed payments), less any lease incentive;
ii. variable lease payments that depend on an index or a rate;
iii. the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
iv. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease

Variable lease payments that do not depend on an index or rate are not included in the definition of lease payments and these payments are not included in the measurement of lease liabilities.

If the same definition is applied to a leaseback, the seller-lesse, in a leaseback transaction involving variable payments that do not depend on an index or rate, would measure the lease liability without considering these variable payments. That may result in recognition of a gain on the right-of-use retained by the seller-lessee. To prevent this accounting outcome, the amendments create an exception to the defin ition of 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Notes to the Financial Statements - Continued

New and amended standards and interpretations - continued

The amendments do not prescribe specific measurement requirements for lease liabilities arising from a sale and leaseback. The seller-lessee may apply other methodologies to determine lease payments subject to the requirements of the amendments i.e., the seller-lessee would not recognize any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

Amendments to IAS 7 and IFRS 7 Supplier Finance Agreement

The amendments requires an entity to disclose qualitative and quantitative information about its supplier finance arrangements, such as terms and conditions-including, for example, extended payment terms and security or guarantees provided.

The IASB decided that, in most cases, aggregated information about an entity's supplier finance arrangements will satisfy the information needs of users of financial statements.

Amongst other characteristics, IAS 7 explains that a supplier finance arrangement provides the entity with extended payment terms, or the entity's suppliers with early payment terms, compared to the related invoice payment due date.

The disclosure requirements are the IASB's response to investors concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

The amendments are affective for annual reporting periods beginning on or after 1 January 2024, with transitional reliefs in the first year.

(v) Amendments to IAS 21 Lack of Exchangibility

This amendment was issued by IASB in August 2023.

An entity is impacted by this amendment when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The lack of exchangeability may occur, for example, because of government imposed controls on capital imports and exports, or the volume of foreign currency transactions that can be undertaken at an official exchange rate is limited. The amendments clarify when a currency is considered exchangeabe into another currency and how an entity estimates a spot rate for currencies that lack exchangeability. The amendments introduce new disclosures to help financial statement users assess the impact of using an estimated exchange rate.

3 Material accounting judgements, estimates and assumptions

The preparation of the Company’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the acCompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company’s exposure to risks and uncertainties includes:

• Capital management	Note 6
• Financial instruments risk management and policies	Note 26
• Sensitivity analyses disclosures	Note 26

Judgements

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

Notes to the Financial Statements - Continued

Material accounting judgements, estimates and assumptions - continued

(a) Determining the lease term of contracts with renewal – Company as lessee

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company does not have lease contracts that include extension in the year under review.

(b) Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Determining the timing of satisfaction of sales of feeds and concentrates
The Company concluded that revenue for sales of feeds and concentrates is to be recognised at a point in time; when the customer obtains control of the goods. The Company assess when control is transferred using the indicators below:

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(a) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm’s length, for similar assets or observable market prices less incremental costs of disposing off the asset. The fair value of the assets of is based on the market value. This is the price which an asset may be reasonably expected to be realised in a sale in a private contract. These estimates are most relevant to intangibles with indefinite useful lives recognised by the Company.

(b) Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for various customer segments that have similar loss patterns (i.e., by product type, customer type and rating).

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

Notes to the Financial Statements - Continued

Material accounting judgements, estimates and assumptions - continued

The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables is disclosed in Note 17 and 26.4

(c) Depreciation and carrying value of property, plant and equipment

The estimation of the useful lives of assets is based on management's judgement. Any material adjustment to the estimated useful lives of items of property and equipment will have an impact on the carrying value of these items.

(d) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

4 Revenue from contracts with customers

4.1 Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the period ended 30 June 2024				
Segments	**Aba**	**Ikeja**	**Onitsha Operations**	**Northern Operations**	**TOTAL**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Type of goods or service					
Sales of livestock feeds	5,064,406	7,630,315	976,422	1,817,895	15,489,039
Total revenue from contracts with customers	**5,064,406**	**7,630,315**	**976,422**	**1,817,895**	**15,489,039**
Geographical markets					
Within Nigeria	5,064,406	7,630,315	976,422	1,817,895	15,489,039
Total revenue from contracts with customers	**5,064,406**	**7,630,315**	**976,422**	**1,817,895**	**15,489,039**
Timing of revenue recognition					
Goods transferred at a point in time	5,064,406	7,630,315	976,422	1,817,895	15,489,039
Total revenue from contracts with customers	**5,064,406**	**7,630,315**	**976,422**	**1,817,895**	**15,489,039**

Notes to the Financial Statements - Continued

Revenue from contracts with customers - continued

	For the period ended 30 June 2023				
Segments	**Aba**	**Ikeja**	**Onitsha Operations**	**Northern Operations**	**TOTAL**
	₦‘000	**₦‘000**	**₦‘000**	**₦‘000**	**₦‘000**
Type of goods or service					
Sales of livestock feeds	2,216,381	5,574,225	395,196	1,555,292	9,741,094
Total revenue from contracts with customers	**2,216,381**	**5,574,225**	**395,196**	**1,555,292**	**9,741,094**
Geographical markets					
Within Nigeria	2,216,381	5,574,225	395,196	1,555,292	9,741,094
Total revenue from contracts with customers	**2,216,381**	**5,574,225**	**395,196**	**1,555,292**	**9,741,094**
Timing of revenue recognition					
Goods transferred at a point in time	2,216,381	5,574,225	395,196	1,555,292	9,741,094
Total revenue from contracts with customers	**2,216,381**	**5,574,225**	**395,196**	**1,555,292**	**9,741,094**

Performance obligations

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

Sale of Animal feeds

The performance obligation is satisfied upon delivery of livestock feeds and payment is generally due within 90 days from delivery.

Contract balances		**2024**	**2023**
		₦'000	**₦'000**
Trade receivables	17	241,291	267,354

In 2024, provision for trade receivable is N132.03 Million (2023: N132.03million). No amount was recognised as expected credit losses on trade receivables during the year.

Notes to the Financial Statements - Continued

5 Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Livestock Feeds Plc. The Board members review the Company's internal reporting in order to assess performance and allocate resources. The directors have determined the operating segments based on these reports. Assessment of performance is based on operating profits of the operating segment that is reviewed by the Board. Other information provided to the Board is measured in a manner consistent with that of the financial statements.

The Company generated all its revenue in Nigeria. The Company operates only in the Feed Milling industry hence all information on the statement of profit or loss and other comprehensive income and statement of financial position remains the same with that of the segment information.

	2024	2023
	N'000	N'000
Revenue from contract with customers (Note 14)	15,489,039	9,741,094
Operating profit	1,562,940	292,284
Finance cost (Note 10)	(911,630)	(237,249)
Finance income (Note 9)	736	751
Profit before taxation	652,045	55,786
Income tax expense (Note 12 (i))	(215,175)	(18,409)
Total assets	11,196,613	13,376,466
Total liabilities	9,309,504	11,926,227

Revenue

The Company (all segments) produces animal feeds which is 100% of its turnover. Other products include Veterinary Drugs which is bought from other Companies for marketing and sales. All the products have similar risk and returns and are therefore considered as a single segment. Analysis of sales for the year is as follows:

	2024	2023
	N'000	N'000
Aba	5,064,406	2,216,381
Ikeja	7,630,315	5,574,225
Onitsha Operations	976,422	395,196
Northern Operations	1,817,895	1,555,292
	15,489,039	**9,741,094**

Notes to the Financial Statements - Continued

Segment information - continued

Segmental revenue and operating profit-30 June 2024

	Aba	Ikeja	Onitsha Operations	Northern Operations	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
From external customers	5,064,406	7,630,315	976,422	1,817,895	15,489,039
Segment revenue	5,064,406	7,630,315	976,422	1,817,895	15,489,039
Cost of sales	(4,512,237)	(6,290,515)	(886,807)	(1,455,237)	(13,144,796)
Gross profit	**552,169**	**1,339,800**	**89,615**	**362,659**	**2,344,243**
Selling and distribution expense	(26,734)	(34,720)	(14,989)	(15,337)	(91,780)
Trading profit	**525,435**	**1,305,080**	**74,626**	**347,322**	**2,252,463**
Other income	13,357	11,954	-	2,135	27,445
Operating profit	**538,791**	**1,317,034**	**74,626**	**349,457**	**2,279,908**
Finance Cost	(232,695)	(529,846)	(32,584)	(116,505)	(911,630)
Contribution to margin	**306,096**	**787,188**	**42,042**	**232,952**	**1,368,278**

Head Office	**2024** **N'000**
Dividend income (Note 8)	357
Interest income (Note 9)	736
Laboratory income	803
Sales of Scrap	-
Gain on disposal of assets (Note 8)	-
Miscellaneous income	381
ITF Refund	-
Gain on unrealized Foreign Currency Revaluation	3,733
Reversal of ECL (Note 17)	-
Administrative cost (Note 7(iii)	(675,170)
Marketing Cost	(47,074)
Profit before tax	**652,045**

Segment assets and liabilities- 30 June 2024

Non-current assets	Head office	Aba	Ikeja	Onitsha Operations	Northern Operations	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Property,plant and equipment	722,299	326,989	238,771	67	4,591	1,292,717
Intangible assets	171,106	-	-	-	-	171,106
Total Non-current Assets	**893,405**	**326,989**	**238,771**	**67**	**4,591**	**1,463,823**

Notes to the Financial Statements - Continued

Segment information - continued

Current assets	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Inventory	1,904,529	1,984,283	3,076,880	22,039	1,330,514	8,318,245
Trade and other receivables	134,452	58,883	115,177	52,408	15,208	376,129
Refund assets	5,616	-	-	-	-	5,616
Prepayments	111,249	1,322	43,479	-	3,333	159,384
Other financial asset	17,283	-	-	-	-	17,283
Cash and cash equivalents	847,009	2,508	6,611	-	6	856,133
Total Current Assets	**3,020,138**	**2,046,996**	**3,242,146**	**74,447**	**1,349,062**	**9,732,790**

The inventory balance at the head office represents materials held in Livestock feeds Plc warehouses and those held at external warehouses in Lagos,Ibadan,Kano and Zaria and will be transferred to the various mills in the current year while trade and other receivables represents receivables from debtors and deposit for raw materials.

Current liabilities	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Trade and other payables	4,152,855	239,767	402,226	9,711	64,214	4,868,773
Short- term borrowings	4,188,738	-	-	-	-	4,188,738
Refund liabilities	6,240	-	-	-	-	6,240
Dividend payable	17,384	-	-	-	-	17,384
Current tax payable	228,369	-	-	-	-	228,369
Total Current Liabilities	**8,593,586**	**239,767**	**402,226**	**9,711**	**64,214**	**9,309,504**

Segmental revenue and operating profit -30 June 2023

	Aba	**Ikeja**	**Onitsha Operations**	**Northern Operations**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**
From external customers	2,216,381	5,574,225	395,196	1,555,292	9,741,094
Segment revenue	2,216,381	5,574,225	395,196	1,555,292	9,741,094
Cost of sales	(2,100,593)	(5,236,255)	(350,368)	(1,373,142)	(9,060,359)
Gross profit	**115,788**	**337,970**	**44,828**	**182,150**	**680,735**
Selling and distribution expense	(9,619)	(20,424)	(6,828)	(22,985)	(59,857)
Trading profit	**106,168**	**317,545**	**38,000**	**159,164**	**620,878**
Other income	8,450	18,110	-	3,334	29,895
Operating profit	**114,619**	**335,656**	**38,000**	**162,499**	**650,773**
Finance expense	(69,032)	(137,897)	-	(30,320)	(237,249)
Contribution to margin	**45,586**	**197,759**	**38,000**	**132,179**	**413,524**

Notes to the Financial Statements - Continued

Segment information - continued

Head Office	
Dividend Income (Note 8)	296
Interest income (Note 9)	751
Laboratory income	179
Gain on disposal of assets (Note 8)	
Miscellaneous income	147
Sale of scraps	
(Loss) on Realized Foreign Currency Revaluation	
Expected Credit Loss (Note 17)	-
Administrative cost(Note 7(iii))	(331,136)
Marketing Cost	(27,973)
Profit before tax	**55,786**

Segment assets and liabilities- 31 December 2023

Non-current assets	**Head office**	**Aba**	**Ikeja**	**Onitsha Operations**	**Northern Operations**	**Total**
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Property,plant and equipment	512,375	362,566	268,771	127	7,071	1,150,910
Intangible assets	197,538	-	-	-	-	197,538
Total Non-current Assets	**709,914**	**362,566**	**268,771**	**127**	**7,071**	**1,348,448**

Current assets	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Inventory	3,994,954	1,148,506	3,210,039	14,407	1,231,011	9,598,916
Trade and other receivables	1,513,837	55,837	80,368	20,607	5,931	1,676,581
Refund assets	5,616	-	-	-	-	5,616
Prepayments	100,626	-	21,739	-	10,000	132,365
Other financial asset	17,283	-	-	-	-	17,283
Cash and cash equivalents	597,238	5	8	2	4	597,257
Total Current Assets	**6,229,554**	**1,204,348**	**3,312,154**	**35,016**	**1,246,946**	**12,028,018**

Notes to the Financial Statements - Continued

Segment information - continued

	Head office	Aba	Ikeja	Onitsha Operations	Northern Operations	Total
Current liabilities	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Trade and other payables	1,077,849	242,082	118,872	19,720	66,132	1,524,655
Short- term borrowings	10,261,726	-	-	-	-	10,261,726
Refund liabilities	6,240	-	-	-	-	6,240
Dividend payable	17,384	-	-	-	-	17,384
Current tax payable	116,222	-	-	-	-	116,222
Total Current Liabilities	**11,479,421**	**242,082**	**118,872**	**19,720**	**66,132**	**11,926,227**

In the year under review, unallocated operating income and expenses mainly constitute head office other income,administrative and marketing costs. These are considered corporate and are not allocated to any segments expenses. Interest expenses are allocated based on investment in inventory acquired for each mills.

6 Capital management

For the purpose of the Company's capital management, capital includes issued capital, share premium and retained earnings attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio below 60% and a minimum B credit rating. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and bank balances.

	Note	2024 ₦'000	2023 ₦'000
Trade and other payables	21	4,868,773	1,524,655
Interest-bearing loans and borrowings	23	4,188,738	10,261,726
Cash and short term deposit	19	(856,133)	(597,257)
Net debt		**8,201,378**	**11,189,124**
Total capital: Equity	20	1,887,109	1,450,239
Capital and net debt		**10,088,487**	**12,639,363**
Gearing ratio		**81%**	**89%**

No changes were made in the objectives, policies or processes for managing capital during the years ended 30 June 2024 and 2023.

Notes to the Financial Statements - Continued

7 Expense by Nature

7(i) Cost of sales

	Notes	2024 ₦'000	2023 ₦'000
Change in inventories of finished goods and work in progress		12,546,697	8,604,109
Salaries and other staff benefit*		229,170	178,573
Business Travelling Expenses		3,788	5,654
Business Entertainment Expenses		3,750	3,427
Electricity and power		134,501	105,036
Depreciation of property,plant & equipment	11(ii)	81,487	71,260
Amortisation of intangible assets	11(iii)	109	326
Rent**		33,962	28,929
Security expenses		12,762	11,534
Local repair and renewal		68,005	31,269
Laboratory expenses		7,964	2,372
Research & Development		3,363	-
Vehicle repairs expenses		4,504	2,568
Sundry vehicle expenses		1,318	549
Cleaning & Sanitation		3,217	1,931
Office Stationery & Printing		2,749	2,244
Rates		1,345	868
Subscription		1,072	2,993
Information Technology		2,724	146
Other expenses ***		2,310	6,573
Total cost of sales		**13,144,796**	**9,060,359**

* Salaries & other benefits includes Employer Pension for the year N6,330,753 (2023:N5,217,052)
**Rent represents amount amortized on short-term lease of warehouse during the year.
*** Other expenses includes research and development, uniforms, telephone expenses, postal services and computer charges which were incurred by the Company during the year.

7(ii) Selling and distribution expenses

	Notes	₦'000	₦'000
Salaries and other staff benefit*		57,895	39,998
Business travelling expenses		18,418	9,087
Distribution expenses		27,551	19,830
Corporate gifts/marketing investment		20,123	10,832
Depreciation of property,plant & equipment	11(ii)	8,352	3,308
Electricity and Power		972	823
Office Stationery and Printing		-	
Local repair and renewal		60	7
Advertisement and Publicity		870	205
Vehicle repairs,maintenance & fueling		4,418	3,484
Internet Charges/IT licencing renewal		-	9
Other expenses ***		195	249
		138,854	**87,831**

* Salaries & other benefits include Employer's Pension N2,599,101 (2023: N1,983,712)
** Other expenses include all other expenses that are related to selling & distribution but not stated above such as, Miscellaneous/ sundry expenses, research and development, subscription etc which were incurred during the year.

Notes to the Financial Statements - Continued

7(iii) Administrative expenses	Notes	₦'000	₦'000
		2024	**2023**
Salaries and other staff benefit*		158,087	90,796
Consultancy		12,836	5,811
Audit fee**		9,406	5,375
Subscription		4,347	6,838
Board Expenses	27(ii)	14,675	12,195
AGM expenses		7,500	6,000
Information Technology		90,165	40,475
Depreciation of property,plant & equipment	11(ii)	10,666	6,525
Amortisation of intangible assets	11(iii)	26,324	24,866
Insurance		25,794	19,118
Management service fees	24	156,320	87,161
Bank charges		9,190	5,299
Business travelling & entertainment		8,068	4,200
Electricity & Power		3,508	2,524
Cleaning & Sanitation		269	354
Security expenses		445	405
Office stationery & printing		771	1,344
Local repairs & renewal		2,313	4,065
Rent		1,691	245
Legal expenses		-	-
Advertisement & Publicity		547	481
Vehicles repairs, maintenance & fueling		719	1,025
Other expenses ****		131,528	6,036
		675,170	**331,136**

* Salaries & Other benefits include Employer's Pension N6,238,594(2023: N4,658,433).
** Audit Fees relates to the professional fees for our external auditor.
**** Other expenses that are related to administrative expenses but not stated above such as Miscellaneous/ sundry expenses, computer charges etc which were incurred during the year.

8 Other operating income	Notes	2024	2023
		₦'000	**₦'000**
Sales of sacks		26,654	24,685
Laboratory income *		906	198
Weighing income**		607	187
Sales of scrap		81	37
Gain on disposal of property,plant and equipment		-	
Gain on unealized foreign currency revaluation		3,733	
Registration fees		381	147
Dividend Income		357	296
ITF refund		-	-
Government Grant	23.1	-	4,966
Total other operating income		**32,720**	**30,516**

* The Company has Laboratories in Ikeja mill and Aba mill where third parties come for Lab analysis and pay for this service.
** Third parties made use of Livestock feeds Plc weighbridge to weigh their trucks and goods in Ikeja mill and Onitsha operation during the year.

9 Finance income	Notes	2024	2023
		₦'000	**₦'000**
Interest income on short-term bank deposits		21	471
Interest Income - Unclaimed Dividend		715	280
		736	**751**

Notes to the Financial Statements - Continued

10 Finance cost

	2024	2023
	₦'000	₦'000
Interest on loans	691,927	237,249
Interest on Commercial Paper	219,703	-
	911,630	**237,249**

**Interest on Commercial Paper:UAC Plc assisted us in sourcing for the sum of N2.85 Billion (N429.5 and N2.42 Billion) Commercial Paper(CP) to augment our working at an interest rate of 21% and 24.5% for 180 days and 270 days respectively. The fund was disbursed in March 2024.

11(i) (Loss)/Profit before taxation

(Loss)/Profit before taxation is stated after charging:		2024	2023
		₦'000	₦'000
Amortisation of intangible assets	15	26,433	25,191
Depreciation	14	100,506	81,094
Auditors remuneration	7(iii)	9,406	5,375
Staff cost	7(i,ii,iii)	445,152	309,367

11(ii) Depreciation of property,plant & equipment

		2024	2023
		₦'000	₦'000
Cost of Sales	7(i)	81,487	71,260
Selling and distribution expenses	7(ii)	8,352	3,308
Administrative expenses	7(iii)	10,666	6,525
		100,506	**81,094**

11(iii) Amortisation of intangible assets

		2024	2023
		₦'000	₦'000
Cost of Sales	7(i)	109	326
Administrative expenses	7(iii)	26,324	24,866
		26,433	**25,191**

12 Taxation

(i) Income tax expense

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

	2024	2023
	₦'000	₦'000
Current tax expense:		
Company income tax	195,614	16,736
Education tax charge	19,561	1,674
	215,175	18,409
Income tax charge	**215,175**	**18,409**

(iv) Current tax liabilities

	2024	2023
	₦'000	₦'000
As of 1 January	116,222	95,791
Income tax expense for the year	215,175	843
Minimum tax	-	102,417
Payment during the year	(103,029)	(82,830)
As at 30 June	**228,369**	**116,222**

Notes to the Financial Statements - Continued

13 Earnings per share (EPS)

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the year adjusted for any dilutive or potentially dilutive instruments.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

	2024	2023
	₦'000	**₦'000**
Earnings attributable to ordinary equity holders for basic earnings	436,870	37,376
	Thousands	**Thousands**
Average number of ordinary shares for basic EPS	2,999,999	2,999,999
Basic earnings per share (Kobo)	14.56	1.25
Diluted earnings per share (Kobo)	14.56	1.25

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Notes to the Financial Statements - Continued

14a. **Property, plant and equipment**

	Building	Machinery & Equipment	Motor Vehicles	Office Equipment	Computer equipment	Capital work in progress	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cost							
1 January 2023	**277,643**	**1,220,593**	**165,281**	**64,257**	**69,909**	**300,218**	**2,097,901**
Additions	198	164	4,193	77	-	449,180	453,812
Disposal	-	(54)	(34,945)	-	(5,594)	-	(40,594)
Reclassification	9,471	204,266	42,065	(118)	22,682	(278,366)	-
31 December 2023	**287,312**	**1,424,968**	**176,593**	**64,216**	**86,997**	**471,032**	**2,511,119**
Additions						242,314	242,314
Disposal							-
Reclassification*	22,984	11,387	37,195	4,463	22,568	(98,598)	-
30 June 2024	**310,296**	**1,436,355**	**213,788**	**68,679**	**109,566**	**614,748**	**2,753,433**
Accumulated depreciation							
1 January 2023	**153,711**	**853,826**	**133,500**	**41,044**	**50,475**	**-**	**1,232,557**
Depreciation charge for the year	9,221	112,065	26,033	7,828	13,099		168,245
Disposal	-	(54)	(34,945)	-	(5,594)		(40,594)
Reclassification	-	-	-	(1,618)	1,618		-
31 December 2023	**162,932**	**965,837**	**124,588**	**47,254**	**59,598**	**-**	**1,360,209**
Depreciation charge for the year	4,671	65,714	17,092	3,331	9,698		100,506
Disposal							-
Reclassification	-						-
30 June 2024	**167,603**	**1,031,550**	**141,680**	**50,586**	**69,295**	**-**	**1,460,716**
Net book value							
30 June 2024	**142,692**	**404,805**	**72,108**	**18,094**	**40,271**	**614,748**	**1,292,717**
At 31 December 2023	**124,379**	**459,132**	**52,005**	**16,962**	**27,400**	**471,032**	**1,150,910**

* Reclassification relates to cost of projects that were earlier recognized in CWIP pending the completion of the projects.

There was no existence of restrictions on the title to the Company's Property plant and equipment. No asset was pledged as securities for liabilities during the year (2023: Nil). No contractual commitment on any of the Company's Property, plant and equipment.

Notes to the Financial Statements - Continued

14b. Analysis of Capital WIP into asset classes:

	2024 N'000	2023 N'000
Buildings	603,723	464,482
Machinery and Equipment	6,550	6,550
Computer Hardware	3,293	-
Office Equipment	1,183	-
	614,748	**471,032**

15 Intangible assets

(i) Computer software with definite useful life

	2024 ₦'000	2023 ₦'000
Cost:		
At 1 January	275,833	263,680
Additions	-	12,153
At 30 June	**275,833**	**275,833**
Amortisation		
At 1 January	78,295	26,387
Amortisation	26,433	51,908
At 30 June	**104,727**	**78,295**
Carrying value	**171,106**	**197,538**

Computer software consists of acquisitions costs of software used in the day-to-day operations of the
The Company had no capital commitments as at 30 June 2024 (2023: Nil). There were no capitalized borrowing costs related to the acquisition of intangibles assets during the year (2023: Nil).
There are no restrictions on the Company's title to its intangible assets. All intangible assets items are non-current. There are no impairment losses for the year (2023:Nil).
** This relates to capitalization of the cost incurred on the new accounting software (SAP S4 HANA)

(iii) Reconciliation of additions to Intangible assets in the Statement of Cashflows

	2024 ₦'000	2023 ₦'000
Additions to Computer Software	-	12,153
Additions per Statement of Cashflows	-	12,153

16 Inventories

	2024 ₦'000	2023 ₦'000
Raw materials	7,427,382	8,842,318
Finished goods	366,869	170,097
Vet Drugs	337,186	379,272
Engineering spares	163,934	180,428
Diesel	22,874	26,801
	8,318,245	**9,598,916**

During 2024, there was no write off and write down of Inventories by the Company (2023: Nil), In addition, the Company recognised N12,546,697,602(2023: N8,604,109,230) as an expense for inventories carried at net realisable value). These are recognised in the cost of sales(Note 7(i)).
** Inventory with third party for conversion represents the value of the Company's inventory item of raw soya seed with Slabmark Nigeria Ltd and Apple and Pears Ltd for conversion of raw soya seeds to Soya bean meal.

Notes to the Financial Statements - Continued

17 Trade and other receivables

	2024	2023
	₦'000	**₦'000**
Receivables from third-party customers	241,291	267,354
Advance payments to suppliers*	242,234	1,395,626
Allowance for expected credit losses	(132,030)	(132,030)
	351,495	1,530,950
Related Parties(Note 24)	226	127,228
Other receivables	24,408	18,403
	376,129	1,676,581
Refund asset	5,616	5,616
	381,745	**1,682,197**

Trade receivables are non-interest bearing and are generally on terms of 90 days. For terms and conditions relating to related party receivables, refer to Note 24.

*Advance payments to suppliers relates to cash deposit to the suppliers of raw materials used in production of animal feeds.

Due to the short-term nature of the current receivables, their carrying amount is assumed to approximate their fair value. Set out below is the movement in the allowance for expected credit losses of trade and other receivables:

	2024	2023
	₦'000	**₦'000**
As at 1 January	(132,030)	(144,077)
Reversal/(Impairment) of trade receivables	-	12,047
At 31 December	**(132,030)**	**(132,030)**

The information about the credit exposures are disclosed in Note 26.4.

Trade and other receivables-continued

Changes in trade and other receivables in the statement of cashflows	**2024**	**2023**
	₦'000	**₦'000**
Trade and other receivables at 1 January	1,682,197	909,762
Trade and other receivables at 30 June	381,745	1,682,197
	1,300,452	**(772,435)**
Reversal/(Impairment) of trade receivables	-	12,047
	1,300,452	**(760,388)**

Financial asset measured at amortised cost

The table below shows the credit quality and the maximum exposure to credit risk based on the Company's Internal credit rating system and year-end stage classification. The amounts presented are gross of impairment allowances. Details of the Company's grading system are explained in Note 26.4 and policies on whether ECL allowances are calculated on an individual or collective basis are set out in Note 26.4.

Financial assets measured at amortised cost	**2024**		**2023**
Internal grading system	***Stage 1 Individual***	***Simplified Model Collective***	***Total***
	N'000	***N'000***	***N'000***
Standard grade	-	241,291	267,354
	-	**241,291**	**267,354**

Notes to the Financial Statements - Continued

Financial assets measured at amortised cost	*Stage 1 Individual*	*Simplified Model Collective*	*Total*
	N'000	*N'000*	*N'000*
ECL allowance as at 1 January 2023	-	(132,030)	(144,077)
Impairment write back/(charge)	-	-	12,047
	-	**(132,030)**	**(132,030)**

Refund assets

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

	2024	**2023**
	N'000	**N'000**
As at 1 January	5,616	4,683
Amount deferred as a result of unexpired rights	5,616	5,616
Cost of sales recognized in the period from:		
Expired right not exercised	(5,616)	(4,683)
As at 30 June	**5,616**	**5,616**

18 Prepayments

	2024	**2023**
Due within one year:	**₦'000**	**₦'000**
Others*	81,720	38,890
Short-term lease prepayments (Note 18.1)	51,442	41,965
Insurance	26,221	51,510
	159,384	**132,365**

*Others relates to SAP licence fee, ODOO licence fee, internet services,generator maintenance,land use charge etc during the year.

18(i) Short-term lease prepayments

These were lease payment for Warehouse made during the year for a lease period of one year i.e expired on 31 October 2024. The Company's obligations under its leases are secured by the lessor's title to the leased assets. The Company applies the short-term lease recognition exemption for these leases.

Short-term lease prepayment consist of unamortised portion of short-term leases. Short-term leases are leases that, at the commencement date, have a lease term of 12 months. The lease payment is expensed over the lease term on a straight-line basis. It represents payment made in advance for rent, insurance, passage allowance,SAP licence fee etc. on assets.

19 Cash and short term deposit

	2024	**2023**
	₦'000	**₦'000**
Cash on hand	206	130
Cash at banks	855,927	597,127
	856,133	**597,257**

Cash at banks earns interest at floating rates based on daily bank deposit rates

Notes to the Financial Statements - Continued

19.2 Other financial asset(Unclaimed dividend funds)

	2024 ₦'000	2023 ₦'000
Unclaimed dividend funds*	17,283	17,283
	17,283	17,283

* Other financial assets relates to 90% of unclaimed dividend returned by the registrar of the Company. The amount is placed in a fixed deposit account by the Company. This is in compliance with the directives of the Nigeria Securities and Exchange Commission.

19.3 Interest Income earned on Unclaimed dividend funds till date

	2024 ₦'000	2023 ₦'000
Interest earned	6,501	5,786
	6,501	**5,786**

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and call deposit as included below.

	2024 ₦'000	2023 ₦'000
Cash on hand, cash at bank and call deposit	856,133	597,257

Call deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. During the reporting period, an expected credit loss assessment was performed on these(cash and cash equivalents) balances. The impairment allowance is considered immaterial.

20	**Issued capital and reserves**	**₦'000**	**₦'000**
	Ordinary shares issued and fully paid		
	2,999,999,418 ordinary shares of 50kobo each	1,500,000	1,500,000
	Share premium		
	At 1 January	693,344	693,344
	At 31 December	**693,344**	**693,344**

21 Trade and other payables

Trade payables	759,658	904,179
Related parties (Note 24)	2,401,722	32,983
Other payables (Note 21.1)	1,707,393	587,493
	4,868,773	**1,524,655**
Refund liabilities (Note 21.2)	6,240	6,240
	4,875,013	**1,530,895**

Changes in trade and other payables in the statement of cashflows

	2024 ₦'000	2023 ₦'000
Trade and Other Payables at 31 December	4,875,013	1,530,895
Trade and Other Payables at 1 January	1,530,895	2,084,288
	3,344,118	**(553,393)**

Terms and conditions of the above financial liabilities:

• Trade payables are non-interest bearing and are normally settled on 60-day terms

• Other payables are non-interest bearing and have an average term of six months

• For terms and conditions with related parties, refer to Note 24

For explanations on the Company's liquidity risk management processes, refer to Note 26.4.

Notes to the Financial Statements - Continued

21.1 Other payables	2024	2023
	₦'000	₦'000
VAT payable	605	1,487
Accrued liabilities	1,669,949	545,841
WHT payable	25,467	25,678
PAYE	11,333	8,962
ITF	-	5,525
Pension	39	-
	1,707,393	**587,493**
21.2 Refund liabilities		
Refund liabilities (Note 21(i))	6,240	6,240
	1,713,633	**593,733**

(i) Refund liabilities

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

	2024	2023
	₦'000	₦'000
As at 1 January	6,240	4,924
Amount deferred as a result of unexpired rights	6,240	6,240
Revenue recognized in the period from:		
Expired right not exercised	(6,240)	(4,924)
As at 30 June	**6,240**	**6,240**

(ii) Net refund liabilities consist of the following at June 30:

(In thousands of naira)	2024	2023	Change	Change
Refund assets	5,616	5,616	-	0%
Refund liabilities	(6,240)	(6,240)	-	0%
Net refund liabilities	**(624)**	**(624)**	**-**	**0%**

22 Dividend payable

Amounts recognised as dividend payable to ordinary shareholders in the year comprise:

	2024	2023
	₦'000	₦'000
As at 1 January	(17,384)	(17,384)
As at 31 December	**(17,384)**	**(17,384)**

Notes to the Financial Statements - Continued

23 Interest-bearing loans and borrowings

	2024	2023
Borrowings -Current	**₦'000**	**₦'000**
Commercial Loan-FBN	2,413,099	7,242,241
Commercial Loan-ZBN	1,775,639	3,019,485
	4,188,738	**10,261,726**
Reconciliation of interest-bearing loans and borrowings		
As at 1 January	10,261,726	3,575,019
Additions*	1,375,172	10,000,000
Government grant	-	-
Interest charged on Loans	691,927	597,945
Principal repayments	(7,433,311)	(3,558,508)
Interest repayments	(706,777)	(352,729)
As at 30 June	**4,188,738**	**10,261,726**

Interest-bearing loans and borrowings - continued

Maturity		
0 - 1 year	**4,188,738**	**10,261,726**
Total	**4,188,738**	**10,261,726**

23.1 Government grant

	2024	2023
	N'000	**N'000**
As at 1 January	-	4,966
Received during the year	-	-
Released to the statement of profit & loss		(4,966)
As at June 30	-	-

* The loan addition during the year is made up of N375 million from First bank and N1billion from Zenith Bank.

The Company has liquidated the sum of N5.18 billion out of the enhanced facility of N7 billion sourced from the FBN in 2023 and the facility is still running at 18% .The Company has also liquidated the sum of N2.25 billion from the credit facility of N3 billion from Zenith bank. The Zenith bank facility is currently running at 26%.

Government Grant is the Savings made on interest paid on N2 billion facilities obtained from Central Bank of Nigeria through Union Bank Plc which is Federal government agriculture intervention fund(CACS). The facility was obtained at an interest rate of 5% but later increased to 9% in September 2022 as against 16% commercial rate applicable at the time the facility was running. The loan has been fully amortized, with the last tranche liquidated in February 2023

The security for these facilities is letter of awareness from UACN Plc.

Notes to the Financial Statements - Continued

24 Related party disclosures

The immediate and ultimate parent, as well as controlling party of the Company is UAC of Nigeria Plc incorporated in Nigeria. There are other companies that are related to Livestock Feeds Plc through common shareholdings and directorship. The following table provides the total amount of transactions that have been entered into with related parties during the year.

Related party disclosures - continued

	Relationship	Management service fees	Purchases from related parties	Sales to related parties	Amounts owed by related parties	Amounts owed to related parties
As at 30 June 2024		**₦'000**	**₦'000**		**₦'000**	**₦'000**
Entity with control over the Company:						
UAC of Nigeria Plc	Parent Company	156,320		-	-	2,357,309
Other related party						
UAC Foods Ltd	Fellow Subsidiary	-	-	-	226	-
CAP PLC	Fellow Subsidiary	-	-	-	-	-
Grand Cereals Nigeria Limited	Fellow Subsidiary	-	225,884	947,682		44,413
		156,320	**225,884**	**947,682**	**226**	**2,401,722**

As at 31 December 2023

Entity with control over the Company:						
UAC of Nigeria Plc	Parent Company	192,807	82,481	-	-	32,983
Other related party:		-				
UAC Foods Ltd	Fellow Subsidiary	-	-	-	226	-
CAP PLC	Fellow Subsidiary	-	-	-	-	-
Grand Cereals Nigeria Limited	Fellow Subsidiary	-	208,874	2,474,207	127,002	-
		192,807	**291,354**	**2,474,207**	**127,228**	**32,983**

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

25.1 Commitments

The directors are of the opinion that all known liabilities and commitments which are relevant in assessing the state of affairs of the Company have been taken into consideration in the preparation of these financial statements.

25.2 Legal claim contingency

There is no contigent liabilty arising as a result of legal litigation as at period end (2023: Nil).

26 Financial instruments risk management objectives and policies - continued

Impairment allowance for financial assets

In assessing the Company's internal rating process, the Company's customers and counter parties are assessed based on a credit scoring model that takes into account various historical, current and forward-looking information such as:

- Any publicly available information on the Company's customers and counter parties from Internal parties. This includes Internal rating grades issued by rating agencies, independent analyst reports, publicly traded bond or press releases and articles.

- Any macro-economic or geopolitical information, e.g., GDP growth relevant for the specific industry and geographical segments where the client operates.

- Any other objectively supportable information on the quality and abilities of the client's management relevant for the Company's performance.

The Company monitors its risk of a shortage of funds using a liquidity planning tool.

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

Notes to the Financial Statements - Continued

26 Financial assets and financial liabilities

26 Financial assets

	2024	2023
	₦'000	₦'000
Cash and short term deposit (Note 19)	856,133	597,257
Trade and other receivables (Note 17)	376,129	1,676,581

26 Financial liabilities

	2024	2023
Financial liabilities at amortised cost	₦'000	₦'000
Borrowing (Note 23)	(4,188,738)	(10,261,726)
Trade and other payables (Note 21)	(4,868,773)	(1,524,655)

Trade and other payables here exclude VAT and withholding tax payable

26 Fair values

The carrying value of all financial assets and financial liabilities is a reasonable approximation of their fair value due to their current nature and the consequent insignificant of discounting no further fair value disclosures have been made.

26 Financial instruments risk management objectives and policies

The Company's principal financial liabilities comprise trade and other payables and Borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade receivables, and cash and bank balances that it derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by the audit and governance committee of the Board that advises on risks and the appropriate risk governance framework for the Company. The audit and governance committee of the Board provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

Risk	Exposure arising from	Measurement	Management
Market risk – foreign exchange	Future commercial transactions, Recognised financial assets and liabilities not denominated in Naira units	Cash flow forecasting Sensitivity analysis	Contractual agreements on exchange rates
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Interest rate negotiations
Credit risk	Cash and cash equivalents, trade receivables.	Aging analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit. Investment guidelines and held-to-maturity investments.
Liquidity risk	Borrowings and other liabilities		Availability of committed credit lines and borrowing facilities.

Notes to the Financial Statements - Continued

Financial instruments risk management objectives and policies - Continued

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include deposits and loans and borrowings.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to this risk as the Company has no long-term debt obligations at variable rates and does not account for any fixed rate instruments at fair value through profit or loss.

Foreign Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company's exposure to foreign currency risk at the end of the reporting period expressed in the individual foreign currency unit was as follows:

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Management monitors rolling forecasts of the Company's liquidity reserve and cash and bank balances (Note 19) on the basis of expected cash flows.

This is generally carried out at each of the respective mills in accordance with practice and limits set by the Company. These limits vary to take into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Period ended 30 June 2024

	On demand	Less than 3months	3 to 12 months	1 to 5 years	> 5 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Trade and other payables	-	4,868,773	-	-	-	4,868,773
Interest-bearing loans and borrowings	-	1,000,000	3,188,738	-	-	4,188,738
	-	5,868,773	3,188,738	-	-	9,057,510

Notes to the Financial Statements - Continued

Financial instruments risk management objectives and policies - Continued

Year ended 31 December 2023

	On demand	Less than 3months	3 to 12 months	1 to 5 years	> 5 years	Total
	₦'000	₦'000	₦'000	₦'000	₦'000	₦'000
Trade and other payables	-	1,524,655	-	-	-	1,524,655
Interest-bearing loans and borrowings	-	10,261,726	-	-	-	10,261,726
	-	11,786,381	-	-	-	11,786,381

	2024			2023		
	$'000	€'000	£'000	$'000	€'000	£'000
Financial Assets						
Cash and Cash Equivalent	1,885	379	450	1,925	379	450
Financial Liabilities	-	-	-	-	-	-
Net exposure	**1,885**	**379**	**450**	**1925**	**379**	**450**

The following significant exchange rate were applied during the year:

	Average Rate during the year		Reporting date spot rate	
	2024	2023	2024	2023
	₦	₦	₦	₦
US$ 1	648.5	648.5	907.1	907.1
Euro (€) 1	512.1	512.1	994.5	994.5
GBP	697	697.0	1144	1144

Foreign Currency Sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.The Company's exposure to foreign currency changes for all other currencies is not material.

	30-Jun-24	31-Dec-23
	Increase/(Decrease in profit or loss	Increase/(Decrease in profit or loss
	₦'000	₦'000
USD (10% weakening)	(174,617)	(174,617)
EURO (10% weakening)	(37,692)	(37,692)
GBP (10% weakening)	(51,480)	(51,480)

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to related parties and to customers, including outstanding receivables.

Notes to the Financial Statements - Continued

Financial instruments risk management objectives and policies - Continued

(i) Risk management

Credit risk is managed on a Company basis. For banks and financial institutions, only independently rated parties with a minimum national rating of 'A' are accepted.

There is no independent rating for customers. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management.

Sales to customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. The credit ratings of the investments are monitored for credit deterioration.

(ii) Security

No security is obtained for trade receivables either in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement. However, some customers are required to provide postdated cheques for credit transactions while others are granted credit on the strength of their credibility and past performances. In the case of default, unpaid balances are set off against security deposit while others are referred to debt collection agents.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates. There are no credit ratings for Livestock feeds plc trade and other receivables. Credit ratings from Global Credit Rating Co. (GCR) are highlighted below:

	2024	2023
	₦'000	₦'000
Cash at bank and short-term bank deposits A+(nga)	855,927	597,127
Unrated cash and cash	206	130
Unrated trade and other	376,129	1,676,581
Maximum credit exposure	**1,232,262**	**2,273,838**

(iii) Impairment of trade receivables

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if past due for more than one year and are not subject to enforcement activity. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 17. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several states, unrelated and diverse.

Notes to the Financial Statements - Continued

For the period ended 30 June 2024

26.4 Financial instruments risk management objectives and policies - continued

Set out below is the information about the credit risk exposure on the Company's trade and other receivables using a provision matrix:

	Days past due					
	Current	<90 days	90–180 days	180–360 days	>360 days	Total
30-Jun-24	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Expected credit loss rate	1.21%	2.22%	15.03%	77.05%	99.93%	
Estimated total gross carrying amount at default	56,718	44,178	4,845	25,419	110,131	241,291
Expected credit loss	(686)	(980)	(728)	(19,584)	(110,054)	(132,030)

	Current	<90 days	90–180 days	180–360 days	>360 days	Total
31-Dec-23	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Expected credit loss rate	25.49%	57.12%	75.03%	82.04%	99.93%	
Estimated total gross carrying amount at default	39,108	7,049	5,505	532	113,550	165,744
Expected credit loss	(9,967)	(4,026)	(4,130)	(437)	(113,471)	(132,030)

Set out below is the movement in the allowance for expected credit losses of trade receivables:

	2024	2023
	₦'000	**₦'000**
Balance as at 1 January 2024	(132,030)	(144,077)
Expected credit loss write back/(charge)	-	12,047
Balance at 30 June	**(132,030)**	**(132,030)**

Notes to the Financial Statements - Continued

27(i) Staff numbers and costs

The table below shows the number of employees (excluding directors), who earned over N500,000 as emoluments in the year and were within the bands stated.

	2024	2023
Staff Numbers by function	**Number**	**Number**
Direct	59	56
Admin	15	15
Sales & Marketing	22	22
	96	**93**
N500,001-N600,000	-	-
N600,001-N700,000	2	2
N700,001-N800,000	1	1
N800,001-N1,0000,000	7	7
N1,000,001-N1,200,000	5	5
N1,200,001-N1,300,000	-	-
N1,300,001- N1,500,000	1	1
Above N1,500,000	80	77
	96	**93**

Staff costs for the above persons (excluding Non-Executive Directors):

	2024	2023
	₦'000	**₦'000**
Salaries and wages	429,983	297,507
Pension cost	15,169	11,860
	445,152	**309,367**

(ii) Emoluments of Non-Executive Directors

	2024		2023
	₦'000		**₦'000**
(a) Fees	525		525
Passage Allowance	6,500		6,500
Other Emoluments	7,650		5,170
	14,675	**-**	**12,195**
(b) The Chairman's Emoluments	**1,625**		**1,625**

(iii) Key management compensation

Key management have been defined as the managing director and executive committee members

	2024		2023
	₦'000		**₦'000**
Key management compensation includes:			
Short-term employee benefits:			
Wages and salaries-Managing Director	21,300		16,687
Wages and salaries-Executive Committee Members	47,418		46,461
	68,718	**-**	**63,147**

28 Technical support agreements

The Company has commercial services agreement with UACN Plc for support services. Expense for management services fee (representing 1% of turnover of the Company excluding intercompany sales to Grand Cereals Limited) is N156.3million (2023: N87.2million).

29 Events after the reporting period

There were no events after the reporting date that require adjustment in the financial statements of the Company that had not been adequately provided for or disclosed in the financial statements.

30 Securities trading policy

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of the Exchange 2015 (Issuers Rule) Livestock Feeds Plc maintains a Security Trading Policy which guides Directors, Audit Committee members, employees and all individuals categorized as insiders as to their dealing in the Company's shares. The Policy undergoes periodic reviews by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the policy during the period.

31 Provision of Audit and non-audit Services

In compliance with FRC Rule No 3 mandating the disclosure of the value and the nature of the audit and non-audit services provided by Company's external auditor,KPMG Professional Services. The Company engaged KPMG for the limited Assurance Engagement performed on Management's Assessment of Internal Control over Financial reporting which is a Non-Audit services.

32 Free Float Compliance

Livestock Feeds Plc with a free float percentage of 26.71% as at 30 June 2024, is compliant with the Exchange's free float requirements for companies listed on the Main Board.

Other National Dsiclosures

Livestock Feeds Plc-Free Float Computation

Company Name:	Livestock Feeds Plc
Board Listed:	Main Board
Period End:	June 30
Reporting Period:	30 June
Share Price at end of reporting period:	N1.87(2023: N1.89)

Shareholding Structure/Free Float

Description	30-Jun-24		30-Jun-23	
	Units	Percentage	Unit	Percentage
Issued Share Capital	2,999,999,418	100%	2,999,999,418	100%
Substantial Shareholdings(5% and above)				
UAC of Nigeria Plc	2,198,745,772	73.29%	2,198,745,772	73.29%
Total Substantial Shareholdings	2,198,745,772	73.29%	2,198,745,772	73.29%
Directors' Shareholdings(direct and indirect)				
Mr. Joseph Dada	-	-	-	-
Mr. Adebolanle Badejo	-	-	-	-
Mr. Adegboyega Adedeji	-	-	-	-
Mrs. Chiamaka Uwaegbute	-	-	-	-
Mrs.Temitope Omodele	-	-	-	-
Mr Abayomi Adeyemi	-	-	-	-
Other Influential Shareholdings				
Total Other Influential Shareholdings				
Free Float in Units and Percentage	801,253,646	26.71%	801,253,646	26.71%
Free Float in Value	N1,498,344,318.02		N1,514,369,390.94	