Northern Nigeria Flour Mills Plc

Annual report

for the year ended 31 March 2024

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Corporate information

Country of incorporation and domiciliation	Nigeria
Nature of business and principal activities	The Company's main business is milling of Wheat, Sorghum, Maize and similar grains.
Directors	Alhaji Rabiu Mohammed Gwarzo, OON Mr. John G . Coumantaros (American) Alhaji Sani Umar Mr. Paul M. Gbededo Alhaji Y. Olalekan A. Saliu Mallam Abdul Ganiyu Sani Alhaji Sadiq Usman Mr. Adrian Naidoo Mr. Omoboyede O. Olusanya Alhaji Auwalu Muktari (Appointed 7 August 2023)
Company registration number	RC. 9409
Tax identification number	00845598-0001
Registered office	15 Maimalari Road, Bompai Industrial Estate, Kano.
Postal address	P.O. Box 6640 Kano
Holding company	Flour Mills of Nigeria Plc. Incorporated in Nigeria
Bankers	Access Bank Plc First Bank of Nigeria Limited Guaranty Trust Bank Plc Sterling Bank Plc. Union Bank of Nigeria Plc Zenith Bank Plc
Independent Joint Auditors	KPMG Professional Services KPMG Tower Bishop Aboyade Cole Street, Victoria Island, Lagos State Ahmed Zakari & Co. Chartered Accountants 5th Floor African Alliance Building F.1 Sani Abacha Way, P.O Box 6500, Kano
Company secretary	Theophilus Ogwuche 26, Post Office Road, Kano
Solicitor	Messrs J. B. Majiyagbe & Co. 4, Human Rights AvenueP.O. Box 726, Kano.

Report of The Directors

The directors have pleasure in submitting their report on the annual report of Northern Nigeria Flour Mills Plc for the year ended March 31, 2024.

1. Legal form

The Company was incorporated as a private Limited Liability Company on 29 October 1971. Its registered office is 15, Maimalari road, Bompai Industrial Estate, Kano. The Company was converted to a public limited liability company in 1978 and its shares are quoted on the Nigerian Stock Exchange. It is a subsidiary of Flour Mills of Nigeria Plc which holds 59.6% of the Company's equity. Flour Mills of Nigeria Plc is incorporated in Nigeria.

2. Principal activities

Northern Nigeria Flour Mills Plc was incorporated in Nigeria with interests in milling of wheat, maize and sorghum. The Company operates in Kano state, Nigeria. There have been no material changes to the nature of the Company's business from the prior year.

3. Results

The summary of results for the year is as set out below:

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Revenue	25,951,365	16,161,840
Operating profit	2,320,734	567,722
Profit before taxation	2,306,659	462,061
Profit for the year	1,525,895	272,821
Total comprehensive income for the year	1,560,540	3,765,899

4. Dividend

The Directors do not recommend any dividend in the current financial year (2023: N62.4million) in order to conserve fund.

5. Directors and directors' interests

The names of Directors who are currently in office are detailed on page 2. The directors who served during the year are as follows:

Directors	Nationality	Designation	
Alhaji Rabiu Mohammed Gwarzo, OON		Chairman	
Mr. John G . Coumantaros	American	Vice Chairman	
Alhaji Sani Umar		Non- executive	
Mr. Paul M. Gbededo		Non- executive	
Alhaji Y. Olalekan A. Saliu		Non- executive	
Mallam Abdul Ganiyu Sani		Non- executive	
Mr. Jack Cwach	American	Executive	(Resigned 7 August 2023)
Dr. Jibrilla Mohammed		Non- executive	(Resigned 27 April 2023)
Alhaji Sadiq Usman		Non- executive	
Mr. Adrian Naidoo	South African	Executive	
Mr. Omoboyede O. Olusanya		Non- executive	
Alhaji Auwalu Muktari		Non- executive	(Appointed 7 August 2023)

Report of The Directors

In accordance with section 303 of the Companies and Allied Matters Act, 2020 (CAMA), none of the Directors has notified the Company of any declarable interests in contracts with the Company during the year.

6. Directors' interest in shares

The Directors' interests in the issued share capital of the Company as recorded in the Registrar of members and/or as notified by them for the purpose of Section 301 of the Companies and Allied Matters Act, 2020 (CAMA) and disclosed in accordance with Section 385 also of CAMA are as follows:

Interest in shares

	31-Mar-24		31-Mar-23	
Director	**Direct**	**Indirect**	**Direct**	**Indirect**
Alhaji (Dr) Aminu Dantata, CON	-	-	-	-
Mr. John G . Coumantaros	-	-	-	-
Alhaji Rabiu Mohammed Gwarzo,	609,598	-	609,598	-
Alhaji Sani Umar	237,363	-	237,363	-
Mallam Abdul Ganiyu Sani	-	-	-	-
Alhaji Y. Olalekan A. Saliu	97,881	-	97,881	-
Alhaji Sadiq Usman	-	-	-	-
Mr. Paul M. Gbededo	-	-	-	-
Mr. Adrian Naidoo	-	-	-	-
	944,842	**-**	**944,842**	**-**

7. Shareholding Analysis

The shareholding structure of the Company as at 31 March 2024 is as stated below:

Share range	**No of Holders**	**% of Holders**	**No of Holdings**
1 - 1,000	2,088	48.40	821,661
1,001 - 5,000	1,351	31.32	3,144,467
5,001 - 10,000	340	7.88	2,467,719
10,001 - 50,000	386	8.95	8,270,679
50,001 - 100,000	63	1.46	4,460,239
100, 001 - 500,000	64	1.48	13,693,522
500,001 - 1,000,000	9	0.21	6,599,076
1,000,001 and above	13	0.30	138,742,637
Total	**4,314**	**100.00**	**178,200,000**

8. Parent company

The Company's holding company is Flour Mills of Nigeria Plc which holds 59.6% (2023: 59.6%) of the Company's equity. Flour Mills of Nigeria Plc is incorporated in Nigeria. The ultimate controlling parent is Excelsior Shipping Company Limited, a company registered in Liberia. the beneficial owner of Excelsior Shipping Company is a trust established by the late John S. Coumantaros.

9. Substantial interest in shares

According to the Registrar of Members, the following shareholders of the Company held more than 5% of the issued share capital of the Company.

	31-Mar-24 shares	%	31-Mar-23 Number of shares
Flour Mills of Nigeria Plc	106,206,273	59.60	106,206,273
GTB PLC/Northern Nigeria Investment Limited	12,955,000	7.27	12,955,000

10. Directors'Responsibilities

The Directors are responsible for the preparation of financial statements which give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act, 2020 (CAMA) and the Financial Reporting Council of Nigeria (FRCN) (Amendment) Act, 2023. In doing so, they ensure that:

- proper accounting records are maintained;
- applicable accounting standards are complied with;
- suitable accounting policies are adopted and consistently applied;
- judgments and estimates made are reasonable;
- the going concern basis is used, unless it is inappropriate to presume that the Company will continue in business; and
- Internal control procedures are instituted which, as far as is reasonably possible, safeguard the assets and also prevent and detect fraud and other irregularities.

11. Donations and Charitables Gifts

No donation was made to any political party or organization during the year (2023: Nil).

The following is an analysis of donations and charitable gifts made during the year.

Donations

	31-Mar-24 N'000	31-Mar-23 N'000
National Union of Food, Beverage and Tobacco Employees	100	150
Nassarawa Orphanage Home	21	100
Nigerian Airforce Officers mess	-	50
Master Bakers and Caterers of Nigeria	-	50
Institute for Labour Studies and Development	-	100
Nigerian Universities Engineering Student Association	-	50
Food, Beverage and Tobacco Senior Staff Association	590	-
Nigerian Institute of Food Science and Technology	325	-
Nigeria Police Force	700	-
	1,736	**500**

12. Property, plant and equipment

Movement in property, plant and equipment during the year are shown in Note 14 to the financial statements. In the opinion of the Directors, the market value of the Company's property, plant and equipment is not less than the value shown in the audited financial statements.

13. Human Capital

(a) Employment and Employees

The Company reviews its employment policy in line with the needs of the business. Careful recruiting is undertaken to ensure that potential high performers are attracted and retained.

(b) Employee Developments

Local Training and Development Programmes are organized to meet the needs of the Company's modernization / automation strategy implementation.

The Company continues to place premium on its Human Capital Development arising from the fact that this would ensure improved efficiency of the business and maintain strategic advantage over competition.

(c) Equal Employment Opportunity and Diversity

The Company has a policy of providing, wherever possible, the same employment opportunities for the disabled people as for others. If employees become disabled every effort is made to ensure their employment continues, with appropriate training where necessary.

Subject to applicable laws we recruit, hire, train, promote, discipline and provide other conditions of employment without regard to a person's race, colour, religion, sex, age, national origin, disability or other classifications protected under the law. This includes providing reasonable accomodation for members' disabilities or religious beliefs and practices. As at year end, the Company had no physically challenged person in its employment (2023: Nil).

(d) Health, Safety and Environment

The Company appreciates the value of a safe work environment to business success and therefore embarks on periodic assessments to ensure compliance and safety. Employees are continuosly sensitized and pep talks on safe work procedures precede the commencement of each shift in the operational areas. The Company provides Personal Protective Equipment to employees as required by the nature of their jobs and safety officers perform regular monitoring to ensure usage compliance.

(e) HIV/AIDS Policy

HIV/AIDS policy guidelines are in place and employees are encouraged to undertake voluntary counseling and testing (VCT) in order to confirm their HIV status. Continuous interactions at workshops with known HIV positive individuals are arranged from time to time to educate staff and eliminate discriminations and stigmatization.

Report of The Directors

(f) Performance Management/Target Setting

Performance Management/Target Setting is implemented in line with Management resolve to set strategic objectives for effective monitoring of performance of the Company and its employees.

14. Events after the reporting period

There were no significant developments after the reporting date which could have had a material effect on the state of affairs of the Company at 31 March 2024 and the profit for the year ended on that date which have not been adequately provided for or disclosed in the financial statements.

15. Independent Joint Auditors

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

BY ORDER OF THE BOARD

Theophilus Ogwuche
Company Secretary
FRC/2019/ICAN/00000019501
26, Post Office Road, Kano
Nigeria
30th May, 2024.

Corporate Governance Report

1. Introduction

Nothern Nigeria Flour Mills Plc subscribe to the highest level of Corporate Governance and best practices in the conduct of our business. The Company’s governance practices are constantly reviewed to ensure that it is consistent with global standards.

The Company's good corporate governance is the bedrock of strong public trust and confidence reposed in the Company by shareholders, consumers, and employees toward long-term success.

In the pursuit of delivering greater shareholder value, the Company continue to subject its operations to the highest standards of corporate governance, which is an essential foundation for sustainable corporate success. A principle that guides its operations and actions towards success, which is only worth celebrating when achieved through a process supported and sustained with the right values and principles.

The Company's Code of Corporate Governance provides a robust framework for the governance of the Board and the Company. The Company ensures compliance with the Code of Corporate Governance for Public Companies issued by the Securities and Exchange Commission (“the SEC Code”).

Governance Structure

2. The Board

The Board of Directors is responsible for the governance of the company and is accountable to shareholders for creating and delivering sustainable value through the management of the company’s business.

The Board is committed to the highest standards of business integrity, ethical values, and governance; it recognizes the responsibility of the company to conduct its affairs with transparency, fairness, and social responsibility.

The Board determines the overall strategy of the company and follows up on its implementation, supervises the performance of the company, and ensures adequate management, thus actively contributing to developing the company as a focused, sustainable, and global brand.

The synergy between the Board and Management fosters interactive dialogue in setting broad policy guidelines in the management and direction of the company to enhance optimal performance and ensure that associated risks are properly managed. Furthermore, the Board plays a central role in conjunction with Management in ensuring that the company is financially strong and well-governed and that risks are identified and well-mitigated.

In addition to the Board’s direct oversight, the Board exercises its oversight responsibilities through two (2) Committees, namely, Board Risk and Audit Committee and the Board Remuneration and Governance Committee.

In addition to the Board Committees, the Statutory Audit Committee of the Company, which comprises two members of the Board of Directors and three representatives of the Shareholders, also performs its statutory role as stipulated by the Companies and Allied Matters Act (CAMA), 2020.

Members of the Board of Directors are seasoned professionals, who have excelled in various sectors including manufacturing, accounting, engineering as well as law. They possess the requisite integrity, skills, and experience to bring to bear independent judgment on the deliberations of the Board and decisions of the Board (without prejudice to Directors' right to earn Directors' fees and hold interest in shares). They have a good understanding of the company's businesses and affairs to enable them properly evaluate information and responses provided by Management and to provide an objective challenge to Management.

Material decisions may be taken between meetings by way of written resolutions, as provided for in the Articles of Association of the company. The Directors are provided with comprehensive group information at each of the quarterly Board meetings and are also briefed on business developments between Board meetings.

During the year under review, the Directors and other key personnel of the Company complied with the following:

i. The National Code of Corporate Governance for Public Companies which became effective in January 2019.

ii. The Securities and Exchange Commission (SEC) issued Code of Corporate Governance for public companies.

3. Responsibilities of the Board

The Board has the ultimate responsibility for determining the strategic objectives and policies of the company to deliver long-term value by providing overall strategic direction within a framework of rewards, incentives, and controls. The Board has delegated the responsibility for the day-to-day operations of the company to Management and ensures that Management strikes an appropriate balance between promoting long-term growth and delivering short-term objectives. In fulfilling its primary responsibility, the Board acknowledges the relationship between good governance and risk management practices, about the achievement of the company's strategic objectives and good consumer satisfaction.

Other powers reserved for the Board are the determination of Board structure, size, and composition, including appointment and removal of Directors, succession planning for the Board and senior management, and Board Committee membership.

4. Roles of Chairman and Chief Executive

The roles of the Chairman and Chief Executive are separate and no one individual combines the two positions. The Chairman's main responsibility is to lead and manage the Board to ensure that it operates effectively and fully discharges its legal and regulatory responsibilities. The Chairman is responsible for ensuring that Directors receive accurate, timely, and clear information to enable the Board to make informed decisions and provide advice to promote the success of the company.

The Board has delegated the responsibility for the day-to-day management of the company to the Managing Director/Chief Executive Officer, who is supported by Executive Management.

The Managing Director executes the powers delegated to him by guidelines approved by the Board of Directors.

Corporate Governance Report

Executive Management is accountable to the Board for the development and implementation of strategies and policies. The Board regularly reviews the Company's performance, matters of strategic concern, and any other matter it regards as material.

5. Roles of Directors

The highlights of the role of directors include:

- Critical and regular examination of the company's overall strategy with a view to ensuring that its goal, business plan and budget are in alignment.
- Assign respective committees to consider and take appropriate decisions on issues requiring Board attent
- Establish well-considered objectives for the company and monitor implementation, reviewing performance and ensure the deployment of appropriate competencies.
- Ensure that adequate resources are available to meet the company's goals and objectives.
- Oversee Board appraisal, training, succession planning, appointment and remuneration of members.

6. Changes on the Board

The following changes occurred on the Board of Northern Nigeria Flour Mills in the year under review.

S/N	Name of Director	Date of Appointment/Resignation
1	Alhaji Dr. Jibrilla Mohammed	Resigned on 27-04-2023
2	Mr. Jack Cwach	Resigned on 07-08-2023
3	Alhaji Auwalu Muktari	Appointed on 07-08-2023

7. Frequency and Attendance of Board Meetings

The Board held four (4) meetings during the financial year ended 31 March 2024. The notice for each meeting was in line with the company's Articles of Association and Board papers were provided to directors in advance. In line with provisions of the Companies and Allied Matters Act, 2020 (CAMA), record of Directors' attendance at the Board meetings is available for inspection at the Annual General Meeting.

Senior Executives of the Company are from time to time invited to attend Board meetings and make representations of their business units.

8. A summary of record of attendance at Board meetings is presented below:

Name	27-Apr-23	07-Sep-23	16-Nov-23	22-Feb-24
Alhaji Rabiu Mohammed Gwarzo, OON	Yes	Yes	Yes	Yes
Mr. John G . Coumantaros	Yes	Yes	Yes	Yes
Mr. Jack J. Cwach	Yes	Yes	No	No
Alhaji Sani Umar	Yes	Yes	Yes	Yes
Mr. Paul M. Gbededo	Yes	Yes	Yes	Yes
Alhaji Y. Olalekan A. Saliu	Yes	Yes	Yes	Yes
Mallam Abdul Ganiyu Sani	Yes	Yes	Yes	Yes
Dr. Jibrilla Mohammed	Yes	No	No	No
Alhaji Sadiq Usman	Yes	Yes	Yes	Yes
Mr. Adrian Naidoo	Yes	Yes	Yes	Yes
Mr. Omoboyede O. Olusanya	Yes	Yes	Yes	Yes
Alhaji Auwalu Muktari	No	Yes	Yes	Yes

Yes- Present

No- Absent

9. Board Risk and Audit Committee

This Committee is tasked with the responsibility of setting and reviewing the Company's risk policies. The coverage of supervision includes the following: Reputational Risk, Operations Risk, Technology Risk, Market Risk, Liquidity Risk and other pervasive risks as may be posed by the events in the industry at any point in time.

The Terms of Reference of the Board Risk Management Committee includes:

- To review and recommend for the approval of the Board, the company's Risk Management Policies including the risk profile and limits;

- To determine the adequacy and effectiveness of the company's risk detection and measurement systems and controls;

- To evaluate the Company's internal control and assurance framework annually, in order to satisfy itself on the design and completeness of the framework relative to the activities and risk profile of the company.

- To oversee Management's process for the identification of significant risks across the company and the adequacy of risk mitigation, prevention, detection and reporting mechanisms;

- To review and recommend to the Board for approval, the contingency plan for specific risks;
- To review the company's compliance level with applicable laws and regulatory requirements which may impact on the company's risk profile;

- To conduct periodic review of changes in the economic and business environment, including emerging trends and other factors relevant to the company's risk profile;

- To handle any other issue referred to the Committee from time to time by the Board.

Composition

The Board Risk Management Committee comprised the following members during the year under review:

	Name	Designation
-	Alhaji Y. O Olalekan	Chairman
-	Alhaji Sadiq Usman	Member
-	Alhaji Sani Umar	Member
-	Alhaji Auwalu Muktari	Member

Meetings

The Committee meets quarterly and additional meetings are convened as required. The Committee met four (4) times during the financial year ended March 31, 2024.

	26-Apr-23	24-Aug-23	07-Nov-23	08-Feb-24
Alhaji Y. O Olalekan	Yes	Yes	Yes	Yes
Alhaji Sadiq Usman	Yes	Yes	Yes	Yes
Alhaji Sani Umar	Yes	Yes	No	No
Mr. Adrian Naidoo	Yes	Yes	Yes	Yes
Alhaji Auwalu Muktari	No	No	Yes	Yes

Yes- Present

No- Absent

10. Board Remuneration and Governance Committee

This Committee is responsible for the approval of human resource matters, identification and nomination of candidates for appointment to the Board and Board governance issues such as annual evaluation of the performance of the Managing Director and the Board, induction and continuous education, approval of promotion of top management staff, corporate governance, succession planning, conflict of interest situations and compliance with legal and regulatory provisions. The Board Remuneration Committee has the responsibility of setting the principles and parameters of Remuneration Policy across the company, determining the policy of the company on the remuneration of the Managing Director and other Executive Directors and the specific remuneration packages and to approve the policy relating to all remuneration schemes and long-term incentives for employees of the company.

Composition

	Name	Designation
-	Mr. Paul M Gbededo	Chairman
-	Alhaji Sani Umar	Member
-	Alhaji Abdul Ganiyu Sani	Member

Meetings

The Committee is required to meet at least twice a year, and additional meetings may be convened as the need arises. The Committee met twice during the financial year ended March 31 2024

	23-Apr-23	13-Nov-23
Mr. Paul M Gbededo	Yes	Yes
Alhaji Sani Umar	Yes	Yes
Alhaji Abdul Ganiyu Sani	Yes	Yes
Mr. Adrian Naidoo	Yes	Yes

11. Statutory Audit Committee

This Committee is responsible for ensuring that the company complies with all the relevant policies and procedures both from the regulators and as laid down by the Board of Directors. Its major functions include the approval of the annual audit plan of the internal auditors, review and approval of the audit scope and plan of the external auditors, review of the audit report on internal weaknesses observed by both the internal and external auditors during their respective examinations and to ascertain whether the accounting and reporting policies of the company are by legal requirements and agreed ethical practices.

The Committee also reviews the company's annual and interim financial statements, particularly the effectiveness of the company's disclosure controls and systems of internal control as well as areas of judgment involved in the compilation of the company's results.

The Committee is responsible for the review of the integrity of the company's financial reporting and oversees the independence and objectivity of the external auditors, reviews and ensures that adequate whistle-blowing procedures are in place and that a summary of issues reported is highlighted to the Committee and review the independence of the external auditors and ensure that where non-audit services are provided by the external auditors and there is no conflict of interest. The Committee has access to external auditors to seek explanations and additional information, while the internal and external auditors have unrestricted access to the Committee, which ensures that their independence is in no way impaired.

The Committee is made up of two (2) Non-Executive Directors and three (3) Shareholders of the company appointed at the Annual General Meetings. The membership of the Committee at the Board level is based on the relevant experience of the Board members, while one of the shareholders serves as the Chairman of the Committee. The internal and external auditors are invited from time to time to attend the Meetings of the Committee. The Chief Financial Officer and appropriate members of Management also attend the meetings upon invitation. The Committee is required to meet quarterly and additional meetings may be convened as the need arises.

Composition

Pursuant to section 404 of the Companies and Allied Matters Act (CAMA), 2020, the Companies Audit Committee comprises:

-	Alhaji Bello Umar Gwangwazo	Shareholder's representative	Chairman
-	Alhaji Lawan Sule Garo	Shareholder's representative	Member
-	Alhaji Sadiq A. Uthman	Shareholder's representative	Member
-	Alhaji Sani Umar	Non-executive director	Member
-	Alhaji Auwalu Muktari	Non-executive director	Member

Meetings

The Statutory Audit Committee of the Company met four (4) times during the year. The following members served on the Committee during the year that ended on March 31, 2024.

Members of the Statutory Audit Committee receive regular reports and updates on financial matters and internal control reviews from internal and external auditors. A summary of record of attendance at Statutory Audit Committee meetings held during the financial year ended 31 March 2024 is shown below:

Name	**25-Apr-23**	**25-May-23**	**25-Jul-23**	**19-Oct-23**	**22-Jan-24**
Alhaji Bello Umar Gwangwazo	Yes	Yes	Yes	Yes	Yes
Alhaji Sani Umar	Yes	Yes	Yes	Yes	Yes
Alhaji Lawan Sule Garo	Yes	Yes	Yes	Yes	Yes
Alhaji Sadiq A. Uthman	Yes	Yes	Yes	Yes	Yes
Dr. Mohammed Jibrulla	Yes	Yes	No	No	No
Alhaji Auwalu Muktari	No	No	No	Yes	Yes

Yes- Present

No- Absent

12. Code of Business Conduct

In demostration of strong commitment to best practices in corporate governance, integrity and high ethical standards in all aspects of our business, the Company has a Code of Conduct in place which is consistent with that of the parent company. Apart from being in line with current global trends, the Company's Code of Conduct also aligns with the requirements of regulatory authorities.

Through the provisions of the Code, the Company instills in its Directors and Employees the need to maintain high standard of corporate values, transparency, accountability, professionalism and promote good corporate governance.

13. Whistle Blowing

Under the Company's whistle blowing policy and procedures, employees and other stakeholders including third parties are encouraged to report any observed or suspected acts of fraud, corruption or other irregularities, orally or anonimously contact the independent helpline by telephone or online without fear of reprisal or recrimination.

The company guarantees that the identity of the reporting individual or organization shall be accorded utmost protection and the report timeously investigated and treated.

14. Shareholders

The General Meeting of the company is the highest decision-making body of the company. The company’s General Meetings are conducted transparently and fairly. Shareholders have the opportunity to express their opinions on the company’s financial results and other issues affecting the company. The Annual General Meetings are attended by representatives of regulators such as the Corporate Affairs Commission, the Securities and Exchange Commission, and the Nigerian Stock Exchange, as well as representatives of Shareholder

The company has an Investors Relations Unit, which deals directly with inquiries from shareholders and ensures that Shareholders’ views are escalated to Management and the Board. In addition, quarterly, half-yearly, and annual financial results are published in widely-read national newspapers.

15. Protection of Shareholders’ Rights

Statutory and general rights of shareholders are protected at all times, particularly their right to vote at general meetings. All shareholders are treated equally, regardless of the volume of shareholding or social status.

16. The Company Secretary

The Company Secretary provides a point of reference and support for all Directors. The Company Secretary also consults regularly with Directors to ensure that they receive the required information promptly. The Board may obtain information from external sources, such as consultants and other advisers, if there is a need for outside expertise, via the Company Secretary or directly.

The Company Secretary is also responsible for assisting the Board and Management in the implementation of the Code of Corporate Governance of the company, coordinating the orientation and training of new Directors and the continuous education of Non-Executive Directors; assisting the Chairman and Managing Director to formulate an annual Board Plan and with the administration of other strategic issues at the Board level; organizing Board meetings and ensuring that the minutes of Board meetings are clearly and properly capture Board discussions and decisions.

The company meets the costs of independent professional advice obtained jointly or severally by a Director or Directors where such advice is necessary to enable the obligations imposed on an individual, through membership of the Board, to be properly fulfilled.

Theophilus Ogwuche
Company Secretary
FRC/2019/ICAN/00000019501
26, Post Office Road, Kano
Nigeria
30th May, 2024.

Statement of Directors' Responsibilities in Relation to the Financial Statements

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

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

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

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS BY:

Mr. Adrian Naidoo
Managing Director
FRC/2023/POR/DIR/071/023658
30th May, 2024.

Alhaji Y. Olalekan A. Saliu
Director
FRC/2013/ICAN/00000003595
30th May, 2024.

Statement of Corporate Responsibility for the Financial Statements

Further to the provisions of section 405 of the Companies and Allied Matters Act (CAMA), 2020, we, the Managing Director and Chief financial Officer, hereby certify the financial statements of Northern Nigeria Flour Mills Plc for the year ended 31 March 2024 as follow:

a) That we have reviewed the audited financial statements of the Company for the year ended 31 March 2024.

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

c) That the audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Company as of and for, the year ended 31 March 2024.

d) That we are responsible for establishing and maintaining internal controls and have designed such internal controls to ensure that material information relating to the Company is made known to us by other officers of the companies, during the year end 31 March 2024.

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

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

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

(i) there are no material deficiencies in the design or operation of internal controls which could adversely affect the Company's ability to record, process, summarise and report financial data, and have identified for the Company's Auditors any significant weaknesses in internal controls, and

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

Mr. Adrian Naidoo
Managing Director
FRC/2023/POR/DIR/071/023658
30th May, 2024.

Emmanuel N. Odigie
Chief Financial Officer
FRC/2013/ICAN/00000004286
30th May, 2024.

Audit Committee Report

To the members of Northern Nigeria Flour Mills Plc

In compliance with section 404(7) of the Companies and Allied Matters Act, 2020 (CAMA), the Audit Committee received the Audited Financial Statements for the year ended 31 March 2024 together with the Management letter from the External Auditors and Management response thereto at the duly convened meeting of the committee.

We reviewed the scope and planning of the audit requirements and found them adequate.

After due consideration the Committee accepted the report of the External Auditors that the financial statements give a true and fair view of the state of affairs of the company's financial affairs as at 31 March 2024 having been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council (FRC) of Nigeria (Amendment) Act, 2023. The Committee reviewed Management's response to the External Auditors findings in the Management Letter and we are satisfied with the Management response.

The Committee considered and approved the provision made in the Financial Statements for the remuneration of the External Auditors.

We confirm that the internal control system was constantly and effectively monitored through effective internal audit function. The External Auditors confirmed that they received full cooperation from Management in the course of their statutory audit.

The committee therefore recommended that the Audited Financial Statements for the year ended 31 March 2024 and the External Auditors' Report thereon be presented for adoption at this Annual General Meeting.

Dated 30th May, 2024.

On behalf of the audit committee

Alhaji Bello Umar Gwangwazo
Chairman Audit Committee
FRC/2015/ANAN/00000012376

30 May 2024

Other Members
Alhaji Sani Umar
Alhaji Lawan Sule Garo
Alhaji Sadiq A. Uthman
Alhaji Auwalu Muktari

Kano, Nigeria

CERTIFICATE OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

We, Adrian Naidoo and Emmanuel Odigie, certify that:

a) We have reviewed the Report on the Effectiveness of Internal Control over Financial Reporting as of 31 March 2024 of Northern Nigeria Flour Mills Plc.

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

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

d) We:

   1) are responsible for establishing and maintaining internal controls;

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

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

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

e) We have disclosed, based on our most recent evaluation of internal control system, to the Company's auditors and the audit committee that:

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

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

f) We have identified, in the report whether or not there were significant changes in internal controls or other facts that could significantly affect internal controls subsequent to the date of our evaluation including any corrective actions with regard to significant deficiencies and material weaknesses.

Mr. Adrian Naidoo
Managing Director
FRC/2023/POR/DIR/071/023658
29 May 2024

Mr. Emmanuel N. Odigie
Chief Finance Officer
FRC/2013/ICAN/00000004286
29 May 2024

MANAGEMENT REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROL OVER FINANCIAL REPORTING

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

The management of Northern Nigeria Flour Mills Plc assessed the effectiveness of our internal control over financial reporting as of 31 March 2024 using the criteria set forth by Internal Control—2013 Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and in accordance with the SEC Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act, 2007.

As of March 31, 2024, the management of Northern Nigeria Flour Mills Plc did not identify any material weakness in the design and the operating effectiveness of its internal control over financial reporting.

As a result, management has concluded that, as of 31 March, 2024, the Company's internal control over financial reporting was effective.

The Company's independent auditors, KPMG Professional Services and Ahmed Zakari & Co., who audited the financial statements included in this Annual Report, issued an unmodified conclusion on the effectiveness of the Company's internal control over financial reporting as of 31 March 2024 based on the limited assurance engagement performed by them. The Independent auditors assurance report appears on pages 24 - 26 of the Annual Report.

Changes in Internal Control Over Financial Reporting

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

Mr. Adrian Naidoo	Mr. Emmanuel N. Odigie
Managing Director	Chief Finance Officer
FRC/2023/POR/DIR/071/023658	FRC/2013/ICAN/00000004286
29 May 2024	29 May 2024

KPMG Professional Services
KPMG Tower
Bishop Aboyade Cole Street
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AHMED ZAKARI & CO.
CHARTERED ACCOUNTANTS

Independent Auditors' Limited Assurance Report

To the Shareholders of Northern Nigeria Flour Mills Plc

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

Conclusion

We have performed a limited assurance engagement on whether Northern Nigeria Flour Mills Plc's internal control over financial reporting as of 31 March 2024 is effective in accordance with the criteria established by Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO Framework") and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that Northern Nigeria Flour Mills Plc's internal control over financial reporting as of 31 March 2024 is not effective, in all material respects, in accordance with the COSO Framework and the Securities and Exchange Commission Guidance on Implementation of Sections 60 – 63 of Investments and Securities Act 2007.

Basis for conclusion

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

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

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

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

Other matter

We have audited the financial statements of Northern Nigeria Flour Mills Plc in accordance with the International Standards on Auditing, and our report dated 31 May 2024 expressed an unmodified opinion of the financial statements.

Our conclusion is not modified in respect of this matter.

KPMG

AHMED ZAKARI & CO.
CHARTERED ACCOUNTANTS

Responsibilities for Internal Control over Financial reporting
The Board of Directors of Northern Nigeria Flour Mills Plc is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying management's assessment report. Our responsibility is to express a conclusion on the Company's internal control over financial reporting based on our assurance engagement.

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

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

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

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

i. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
ii. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
iii. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

Signed:

Akintoye O. Alawode, FCA
FRC/2013/ICAN/00000002843
For: KPMG Professional Services
Chartered Accountants
30 May 2024
Lagos, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0294277

Oyindamola Ajayi
FRC/2024/PRO/ICAN/004/867297
For: Ahmed Zakari & Co.
(Chartered Accountants)
30 May 2024
Kano, Nigeria

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0777833

KPMG

AHMED ZAKARI & CO.
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Northern Nigeria Flour Mills Plc

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Northern Nigeria Flour Mills Plc. (the Company), which comprise:

- the statement of financial position as at 31 March 2024;
- the statement of profit or loss and other comprehensive income;
- the statement of changes in equity;
- the statement of cash flows for the year then ended; and
- the notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in the manner required by the Companies and Allied Matters Act (CAMA), 2020 and the Financial Reporting Council of Nigeria (Amendment) Act, 2023.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition	
Refer to material accounting policies (Note 2.2) and Revenue (Note 5) in the financial statements	
Key Audit Matter	**How the matter was addressed in our audit**
The Company recognizes revenue from the sale of flour and its by-products. This requires a careful assessment of the appropriateness and timing of revenue recognition in accordance with the requirements of the relevant accounting standards. Furthermore, revenue is most significant as it impacts the majority of the key performance indicators on which the Company is assessed. Thus, there is potential incentive for manipulation of revenue to meet targets or expectations. These factors make revenue an area of significance in our audit of the Company.	The following audit procedures were performed, among others: • Tested the design and implementation of relevant controls. • Introduced elements of unpredictability in our audit procedures on Revenue • Involved IT Audit specific team members in testing general IT controls. • Evaluated the appropriateness of the year end cut-off procedures performed by management for sales. • Performed test of details procedures on revenue sales cut off and on trade discounts and rebates. • Examined manual journal entries and other adjustments relating to revenue to ascertain their appropriateness. • Used Data and Analytics to obtain audit evidence by recomputing revenue based on sales quantities and approved selling prices.

Other Information
The Directors are responsible for the other information. The other information comprises Corporate information, Report of the Directors, Corporate Governance Report, Statement of Directors' Responsibilities in relation to the financial statements, Statement of Corporate Responsibility for the Financial Statements, Certification of Management on Internal Control over Financial Reporting, Management's Report on the Effectiveness of Internal Control over Financial Reporting and Other National Disclosures but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

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

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

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

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

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

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

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

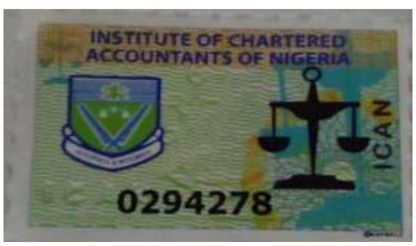
Compliance with FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting

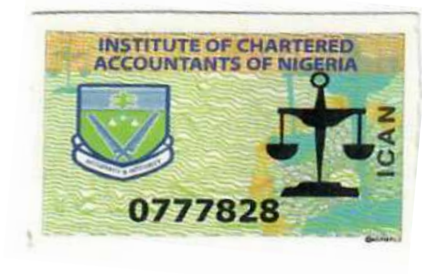
In accordance with the requirements of the Financial Reporting Council of Nigeria, we performed a limited assurance engagement and reported on management's assessment of the Company's internal control over financial reporting as of March 31, 2024. The work performed was done in accordance with ISAE 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and the FRC Guidance on Assurance Engagement Report on Internal Control over Financial Reporting. We have issued an unmodified conclusion in our report dated 30 May 2024. The report is included on page 24 to page 26 of the annual report.

Signed:

Akintoye O. Alawode, FCA
FRC/2013/ICAN/00000002843
For: KPMG Professional Services
Chartered Accountants
30 May 2024
Lagos, Nigeria

Oyindamola Ajayi
FRC/2024/PRO/ICAN/004/867297
For: Ahmed Zakari & Co.
(Chartered Accountants)
30 May 2024
Kano, Nigeria





Statement of Financial Position as at 31 March 2024

	Notes	31-Mar-24	31-Mar-23
		₦'000	₦'000
ASSETS			
Non-Current Assets			
Property, plant and equipment	*14*	7,460,386	7,566,959
Prepayments	*17*	3,111	1,524
Total non-current assets		**7,463,497**	**7,568,483**
Current Assets			
Inventories	*15*	6,255,015	7,645,092
Trade and other receivables	*16*	1,046,773	668,456
Prepayments	*17*	106,382	133,787
Investment financial assets	*18*	61,435	49,853
Cash and cash equivalents	*19*	2,991,344	1,762,162
Total current assets		**10,460,949**	**10,259,350**
Total Assets		**17,924,446**	**17,827,833**
Equity and liabilities			
Equity			
Share capital	*20*	89,100	89,100
Share premium	*20*	89,521	89,521
Revaluation reserve	*38*	5,046,057	5,046,057
Retained earnings		2,853,061	1,354,890
Total equity		**8,077,739**	**6,579,568**
Liabilities			
Non-Current Liabilities			
Borrowings	*21*	-	49,219
Retirement benefit obligation	*22*	165,005	199,916
Long service awards	*23*	33,305	39,857
Deferred income	*24*	-	616
Deferred tax	*13*	881,746	762,672
Total Non-Current Liabilities		**1,080,056**	**1,052,280**
Current Liabilities			
Borrowings	*21*	45,736	164,787
Deferred income	*24*	3,266	8,022
Trade and other payables	*25*	6,755,375	9,813,215
Dividend payable	*26*	39,172	29,047
Current tax payable	*12(b)*	686,676	95,338
Customers deposits	*27*	1,236,426	85,576
Total current liabilities		**8,766,651**	**10,195,985**
Total liabilities		**9,846,707**	**11,248,265**
Total equity and liabilities		**17,924,446**	**17,827,833**

The annual reports and notes were approved by the Board on 30 May 2024 and were signed on its behalf by:

Adrian Naidoo	**Alhaji Y. Olalekan A. Saliu**	**Emmanuel N. Odigie**
Managing Director	**Director**	**Chief Finance Officer**
FRC/2023/POR/DIR/071/023658	**FRC/2013/ICAN/00000003595**	**FRC/2013/ICAN/00000004286**

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

Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 March 2024

	Notes	31-Mar-24	31-Mar-23
		₦'000	₦'000
Revenue	*5*	25,951,365	16,161,840
Cost of sales	*6*	(22,395,062)	(15,014,793)
Gross profit		**3,556,303**	**1,147,047**
Other operating income	*7*	45,552	184,511
Selling and distribution expenses	*8*	(349,334)	(172,146)
Administrative expenses	*9(a)*	(969,126)	(662,745)
Reversal of impairment on trade and other receivables	*16*	37,339	71,055
Operating profit		**2,320,734**	**567,722**
Finance income	*10*	7,580	4,109
Finance costs	*11*	(21,655)	(27,667)
Profit before minimum tax		**2,306,659**	**544,164**
Minimum tax	12(aii)	-	(82,103)
Profit before taxation		**2,306,659**	**462,061**
Taxation	12(a)	(780,764)	(189,240)
Profit for the year		**1,525,895**	**272,821**
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability	22	51,709	19,297
Revaluation of property, plant and equipment	38	-	3,866,725
Income tax relating to items that will not be reclassified	13	(17,064)	(392,944)
Total items that will not be reclassified to profit or loss		**34,645**	**3,493,078**
Other comprehensive income for the year net of taxation		**34,645**	**3,493,078**
Total comprehensive income for the year		**1,560,540**	**3,765,899**
Earnings per share			
Basic and diluted earnings per share(kobo)	28	856	153

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

Statement of Changes in Equity for the year ended 31 March 2024

	Share capital ₦'000	Share premium ₦'000	Revaluation reserve ₦'000	Retained earnings ₦'000	Total equity ₦'000
Balance as at 1 April 2022	**89,100**	**89,521**	**1,566,005**	**1,109,843**	**2,854,469**
Profit for the year	-			272,821	272,821
Statute barred dividend during the year				3,751	3,751
Other comprehensive lncome	-	-	3,480,052	13,025	3,493,077
Total comprehensive income for the year	**-**	**-**	**3,480,052**	**289,597**	**3,769,649**
Dividend declared				(44,550)	(44,550)
Total contributions by and distributions to owners of company recognised directly in equity				**(44,550)**	**(44,550)**
Balance at 31 March 2023	**89,100**	**89,521**	**5,046,057**	**1,354,890**	**6,579,568**
Balance at 1 April 2023	**89,100**	**89,521**	**5,046,057**	**1,354,890**	**6,579,568**
Profit for the year				1,525,895	1,525,895
Other comprehensive lncome				34,645	34,645
Total comprehensive income for the year	**-**	**-**	**-**	**1,560,540**	**1,560,540**
Dividend declared	**-**	**-**	**-**	**(62,370)**	**(62,370)**
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(62,370)**	**(62,370)**
Balance at 31 March 2024	**89,100**	**89,521**	**5,046,057**	**2,853,061**	**8,077,739**

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

Statement of cashflow For the year ended 31 March 2024

	Notes	31-Mar-24	31-Mar-23
Cash flows from operating activities		**₦'000**	**₦'000**
Profit before tax		2,306,659	462,061
Adjustments for:			
Depreciation	14	302,400	295,551
Write off of Property Plant and Equipm	14	3,575	37,403
Foreign exchange difference		(2,460)	(16)
Gain on disposal of PPE	7	-	(4,800)
Interest income on investment	10	(5,864)	(3,564)
Interest income on bank deposit	10	(1,716)	(545)
Finance costs	11	24,115	27,683
Provision for long service award	23	13,270	14,066
Provision for retirement benefit liabiliti	22	41,187	39,818
Minimum tax	12	-	82,103
Changes in working capital			
Inventories	15	1,390,077	592,832
Trade and other receivables	16	(385,088)	(518,972)
Prepayments	17	25,818	(90,913)
Investment	18	(11,582)	(4,925)
Trade and other payables	25	(3,062,946)	407,983
Deferred income	24	(5,372)	(20,644)
Customers deposits	27	1,150,850	870
Cash generated from operations		1,782,923	1,315,991
Income tax paid	12	(80,645)	(77,683)
Long service awards paid	23	(18,025)	(3,911)
Retirement benefit paid	22	(21,080)	(7,753)
Net cash generated from operating activities		**1,663,173**	**1,226,644**
Cash flows from investing activities			
Purchase of property, plant and equipment	14	(199,402)	(185,290)
Proceed on disposal of PPE		-	4,800
Interest income	10	1,716	545
Net cash used in investing activities		**(197,686)**	**(179,945)**
Cash flows from financing activities			
Interest paid on borrowings	21	(15,618)	(31,800)
Monitoring and guarantee fees	11	(843)	(1,741)
Repayment of principal	21	(175,924)	(173,768)
Dividend paid	26	(46,380)	(39,767)
Net cash used in financing activities		**(238,765)**	**(247,076)**
Total cash movement for the year		1,226,722	799,623
Effect of foreign exchange rate changes on cash and cash equivalents		2,460	16
Cash and cash equivalents at the beginning of the year		1,762,162	962,523
Total cash and cash equivalents at the end of the year		**2,991,344**	**1,762,162**

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

Notes to the financial statements for the year ended 31 March 2024

1. Reporting entity

Northern Nigeria Flour Mills Plc was incorporated in Nigeria as a private limited liability Company on 29 October 1971. The Company was converted to a public liability company in 1978 and was quoted on the Nigeria Stock Exchange in the same year. Its registered head office is located at 15 Maimalari Road, Bompai, Kano. Its present ownership structure is 40.4% owned by individuals and institutions in Nigeria and 59.6% owned by Flour Mills of Nigeria Plc which is the parent Company and ultimate controlling party is Excelsior Shipping Company Limited, a company registered in Liberia.

1.1 Principal activities

The Company's main business is milling of wheat, maize, sorghum and other associated grains and sales of the milled products in the form of flour.

1.2 Going concern status

The financial statements have been prepared on a going concern basis. The Directors believe that there is no intention or threat from any source to curtail significantly the Company's lines of business in the foreseeable future.

1.3 Ownership structure

	Mar-24		Mar-23	
Name of Shareholder	**No. of shares held**	**% of share capital**	**No. of shares held**	**% of share capital**
Flour Mills of Nigeria Plc	106,206,273	59.60	106,206,273	59.6
Northern Nigeria Investment Limited	12,955,000	7.27	12,955,000	7.27
Other individuals and institutional shareholders	59,038,727	33.13	59,038,727	33.13
	178,200,000	**100**	**178,200,000**	**100**

1.4 Financial period

These financial statements cover the financial year from 1 April 2023 to 31 March 2024, with comparatives for year ended 31 March 2023.

1.5 Statement of compliance

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies and Allied Matters Act, 2020 (CAMA) and the Financial Reporting Council (FRC) of Nigeria (Amendment) Act, 2023. The financial statements were authorised for issue by the board of directors on May 30, 2024.

1.6 Basis of preparation

The financial statements have been prepared on the historical cost basis except for the following:
- Financial instruments: Initially measured at fair value and subsequently measured at amortised cost.
- Inventories: Lower of cost and net realisable value.
- Defined benefits obligations: Present value of the defined benefit obligation
- Land: measured at revalued amount

1.7 Functional and presentation currency

For the purpose of these financial statements, the results and financial position of the Company are expressed in Naira, which is the functional currency of the Company, and the presentation currency for the Company financial statements.

All amounts have been rounded to the nearest thousand, unless otherwise indicated.

2. Material accounting policies

The material accounting policies applied in the preparation of these financial statements are set out below and have been consistently applied except where indicated otherwise.

2.1 Segmental reporting

The Company is involved in the milling of wheat, Sorghum and other grains. All of the Company's products have similar risks and returns thus the management does not use any operating segments results to make decisions about resources to be allocated to the segment and assess its performance. The Company has only one business segment.

Geographical

The Company earned all its revenue in current and prior years from customers who are all in its country of domicile (Nigeria)

Major Customer

During the year, no single customer contributed up to 10% of the Company's revenue but six customers contributed 5% and above of the Company's revenue (2023: seven) This is summarized in the table below.

	31-Mar-24	31-Mar-23
	N'000	N'000
Customer A	-	802,311
Customer B	1,312,918	942,716
Customer C	1,433,033	1,145,252
Customer D	1,433,285	1,409,250
Customer E	1,467,187	1,771,253
Customer F	2,343,044	2,248,162
Customer G	2,767,772	2,503,855

2.2 Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue net of value added tax (VAT) and discounts when it transfers control of a product or service to a customer.

Notes to the financial statements for the year ended 31 March 2024

Nature and timing of satisfaction of performance obligation, including significant payment terms

Customers gain control of goods when the goods have been delivered and accepted at their premises or when the goods are picked up by the customer. Invoices are generated at that point in time. Invoices are usually payable within 30 days. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Sale of goods

The Company recognises revenue from the sale and distribution of flour and its by-products. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer. The Company recognises revenue when it transfers control of products to the customers. The Company sells flour and related products to distributors. For sales of products to the distributors, revenue is recognised when control of the goods has been transferred, being when the goods have been delivered to the distributor's location if the agreement is for the Company to deliver or when the customer picks up the products from the Company's premises. For distributors that buy on credit, a receivable is recognised by the Company when the goods are delivered to the distributor as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment is usually due within 30 days.

For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised.

Advance payments received for goods yet to be delivered by the Company are recognized as customer deposit liabilities on the statement of financial position and revenue is recognised as soon as goods have been delivered.

2.3 Property, plant and equipment

Property, plant and equipment are tangible assets which the Company holds for its own use and which are expected to be used for more than one year.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the Company; and
- the cost of the item can be measured reliably.

Notes to the financial statements for the year ended 31 March 2024

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses except for land which is carried at revalued amount being the fair value at the date of revaluation. It is the management policy to carry out revaluation of land every three (3) years. Cost includes expenditure that is directly attributable to the acquisition of the items, including the capitalisation of borrowing costs on qualifying assets.

Any increase in asset's carrying amount, as a result of a revaluation, is recognised in other comprehensive income and accumulated in the revaluation surplus in equity. The increase is recognised in profit or loss to the extent that it reverses an impairment of the same asset previously recognised in profit or loss.

Any decrease in an asset’s carrying amount, as a result of a revaluation, is recognised in profit or loss in the current period. The decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in the revaluation surplus in equity. It is the Company's policy to retain the revaluation surplus in equity until the revalued land is disposed.

Expenditure incurred subsequently for major services, additions to or replacements of parts of property, plant and equipment are capitalised if it is probable that future economic benefits associated with the expenditure will flow to the company and the cost can be measured reliably. Day to day servicing costs are included in profit or loss in the year in which they are incurred.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. The depreciable amount is the cost of an asset or other amount substituted for cost (for example the fair value of an asset following a revaluation), less its residual value.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is recognised so as to write off the cost or valuation of assets (other than land and properties under construction) less their residual values over their useful lives, using the straight-line method, on the following basis by the company.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	**Average useful life**
Land	Not depreciated
Buildings	50 years
Plant and machinery	10-25 years
Furniture and equipment	3-10 years
Motor vehicles	5 years

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

Engineering spare parts and stand-by equipment are capitalised as property, plant and equipment when the Company expects to use them for more than one year.

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

Notes to the financial statements for the year ended 31 March 2024

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

Properties in the course of construction (capital work-in-progress) are carried at cost, less any recognised impairment losses. Cost includes professional fees and for qualifying assets borrowing costs capitalised in accordance with the Company's accounting policy. Assets in the course of construction are not depreciated until they get to the stage of intended use.

2.4 Financial instruments

Financial instruments held by the Company are classified in accordance with the provisions of IFRS 9 Financial Instruments.

Financial instruments are classified based on the Company's business model and cashflow characteristics. Broadly, the classification which are adopted by the Company, as applicable, are as follows:

Financial assets:

Amortised cost: This category applies when the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on principal, and where the instrument is held under a business model whose objective is met by holding the instrument to collect contractual cash flows.

Financial liabilities:

Note 33 Financial instruments and risk management presents the financial instruments held by the Company based on their specific classifications.

Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether the directors' strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets.

- how the performance of the portfolio is evaluated and reported to the directors
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

Notes to the financial statements for the year ended 31 March 2024

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Assessment of whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin. In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable-rate features;

- prepayment and extension features; and

- terms that limit the Company’s claim to cash flows from specified assets (e.g. nonrecourse features).

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

The specific accounting policies for the classification, recognition and measurement of each type of financial instrument held by the company are presented below:

2.4.1 Trade and other receivables

Classification

Trade and other receivables are classified as financial assets subsequently measured at amortised cost (note 16).

They have been classified in this manner because their contractual terms give rise, on specified dates to cash flows and the Company's business model is to collect the contractual cash flows on trade and other receivables.

Recognition and measurement

Trade and other receivables are recognised when the company becomes a party to the contractual provisions of the receivables. They are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the receivable initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

Impairment

The Company recognises a loss allowance for expected credit losses on trade and other receivable. The amount of expected credit losses is updated at each reporting date.

The Company measures the loss allowance for trade and other receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

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

Measurement and recognition of expected credit losses

The Company makes use of a provision matrix as a practical expedient to the determination of expected credit losses on trade and other receivables. The provision matrix is based on historic credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current and forecast direction of conditions at the reporting date, including the time value of money, where appropriate.

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

An impairment gain or loss is recognised in profit or loss with a corresponding adjustment to the carrying amount of trade and other receivables through use of a loss allowance account.

Write off policy

The Company writes off a receivable when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, such as when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Receivables written off may still be subject to enforcement activities under the company recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

2.4.2 Borrowings and loans from related parties

Recognition and measurement

Borrowings and loans from related parties are recognised when the Company becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost using the effective interest method.

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

Interest expense, calculated on the effective interest method, is included in profit or loss in finance costs (note 11.)

Borrowings expose the Company to liquidity risk and interest rate risk. Refer to note 33 for details of risk exposure and management thereof.

2.4.3 Trade and other payables

Recognition and measurement

They are recognised when the Company becomes a party to the contractual provisions, and are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

If trade and other payables contain a significant financing component, and the effective interest method results in the recognition of interest expense, then it is included in profit or loss in finance costs (note 11).

Trade and other payables expose the company to liquidity risk and possibly to interest rate risk. Refer to note 33 for details of risk exposure and management thereof.

2.4.4 Derecognition

Financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Offsetting financial instruments

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

2.5 Taxation

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, in other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

The tax currently payable is based on taxable or assessable profit for the period in accordance with the Finance Act 2023. The Company’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Current tax

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

Based on the provisions of the Finance Act 2023, tertiary education tax is imposed on every Nigerian Company at the rate of 3% of assessable profit, that is, tax adjusted profit before capital allowances for each year of assessment. Tax adjusted profit is the profit arrived at after adding back non tax-deductible expenses and excluding non-taxable income.

The Company is subject to the Companies Income Tax Act (CITA). Total amount of tax payable under CITA is determined based on the higher of two components namely Company Income Tax (based on taxable income (or loss) for the year); and Minimum tax (determined as defined in the Finance Act as 0.5% of turnover less franked investment income. Franked investment income is defined as dividend received by one Company from another after deduction of withholding tax. 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 gross amount is outside the scope of IAS 12 and therefore, are not presented as part of income tax expense in profit or loss but presented separately above the income tax line. The liability is recognised under current tax liabilities in the statement of financial position. Where the minimum tax charge is higher than the Company Income Tax (CIT), a hybrid tax situation exists. In this situation, the CIT is recognized in the income tax expense line in the profit or loss and the excess amount is presented above the income tax line as Minimum tax.

Nigeria Police Trust Fund (NPTF) levy is governed by the Nigeria Police Trust Fund (Establishment) Act, 2019. The levy is computed on the net profits (i.e. profit after deducting all expenses and taxes from revenue earned by the company during the year) of Companies operating in Nigeria at the rate of 0.005%.The Company offsets the tax assets arising from withholding tax (WHT) credits and current tax liabilities if, and only if, the entity has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. The tax asset is reviewed at each reporting date and written down to the extent that it is no longer probable that future economic benefit would be realised.

Deferred tax assets and liabilities

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation

2.6 Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

• the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

• the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

• the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used.

• In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:

• the Company has the right to operate the asset; or

• the Company designed the asset in a way that predetermines how and for what purpose it will be used. This policy is applied to contracts entered into, or changed, on or after 1 April 2019.

Contracts may contain both lease and non-lease components. The Company has elected to not separate lease and non- lease components.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Cash flow relating to leases

Cash flow relating to leases are presented as follows:

a) cash payments for the principal portion of the lease liabilities as cash flows from financing activities

b) Cash payments for the interest portion are recognised in financing activities, and

c) short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities as cash flows from operating activities.

Lease liabilities

At the commencement date of a lease, the Company recognises lease liabilities at the present value of lease payments to be made over the lease term. Lease liabilities include the net present value of the following lease payments:

a) fixed payments (including in-substance fixed payments), less any lease incentives receivable

b) variable lease payments that are based on an index or a rate

c) amounts expected to be payable by the Company under residual value guarantees

d) the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and

e) payments of penalties for terminating the lease, if the lease term reflects the Company exercising that

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the Company's incremental borrowing rate, being the rate that the Company would have to pay to borrow the funds necessary to obtain an asset of similar value to the right of use asset in a similar economic environment with similar terms, security and conditions.

The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. After the commencement date, the amount of lease liability is increased to reflect the accrual of interest and reduced for the lease payments made. In addition, the carrying amount of lease liability is remeasured if there is a modification (i.e. a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset where applicable).

Right-of-use assets

Right-of-use assets are initially measured at cost, comprising of the following:

a) the amount of the initial measurement of lease liability

b) any lease payments made at or before the commencement date, less any lease incentives received

c) any initial direct costs, and

d) restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Short-term leases and leases of low-value assets

Short-term leases are those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Low-value assets are assets that have values less than N1,800,000 when new, and depends on the nature of the asset. Lease payments on short-term leases and leases of low-value assets are recognized as expenses in profit or loss on a straight-line basis over the lease term.

Rental income from letting property is recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are considered as an integral part of the total rental income and recognised over the term of the lease. Rental income from the ordinary business of the company is recognised as revenue, while rental income from activities other than the ordinary business are recognised as other operating income.

2.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

The Company's Inventories consist of raw materials, consumables, finished goods and spare parts. The basis of costing of different Inventories type are as follows:

Raw and packaging materials: Purchase cost including transportation and other incidental cost on a First In First Out (FIFO) basis. Goods in transit: Purchase cost incurred to date

Finished products: Purchase cost of direct materials, labour and a reasonable allocation of overheads based on normal operating capacity on a weighted average basis.

Engineering spares and other consumables: Weighted average cost.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised.

2.8 Impairment of tangible and intangible assets excluding goodwill, inventories, deferred tax assets and financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest Company of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the income statement, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions, bank overdrafts and highly liquid investments generally with maturities of three months or less. Term deposit with tenor of one year or less are also included in cash and cash equivalents if they are held for short term cash commitments rather than for investment or other purposes. Cash equivalents are readily convertible into known amounts of cash and have an insignificant risk of changes in value. Cash and cash equivalents are stated at carrying amount which is deemed to be fair value.

2.10 Share capital and equity

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

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

Incremental cost directly attributable to the issue of Ordinary shares are recognised as deduction from equity.Retained earnings represents the company's accumulated earnings since its inception, less any distributions to shareholders, and net any prior period restatements. A negative amount of retained earnings is reported as accumulated deficit.

2.11 Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid as cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

Defined contribution plans

The Company operate a defined contribution based retirement benefit scheme for its staff, in accordance with the Pension Reform Act of 2014 with employee contributing 8% and the employer contributing 10% each of the employee’s relevant emoluments (basic salaries, housing and transport allowances). Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions. Employees contributions are deducted through payroll. The funds are managed by several independent fund managers approved by the Pension Commission. The Company's only obligation is the monthly contributions to the fund.

Defined benefits

The Company also operates a defined benefit gratuity scheme for its qualified staff. Benefits are related to the employees' length of service and remuneration. The gratuity obligation is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period by an independent actuary. All actuarial gains and losses are recognised immediately through other comprehensive income.

The Company's obligation in respect of the scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximate to the term of the company's defined benefits obligation. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements)

- Net interest expense

- Remeasurement (actuarial gains and losses)

The service cost and net interest expense are charged to the profit or loss while the gains and loss due to remeasurement are charged to other comprehensive income.

Although the scheme is not funded, the Company ensures that adequate arrangements are in place to meet its obligations under the scheme.

Long service award

The Company operates long service award for its qualified staff. The benefits are graduated depending on the employees number of years in service to the Company. The Company's obligation in respect of the scheme is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on Federal Government of Nigeria issued bonds that have maturity dates approximate to the term of the Company's defined benefits obligation. The obligation is determined by an independent actuary at each reporting period.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs. Gains or losses due to remeasurement of long service awards are recognised in profit or loss.

Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

2.12 Provisions and contingencies

Provisions are recognised when:

- the Company has a present obligation as a result of a past event;

- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure discounted at a pre-tax rate expected to be required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

Contingent liabilities

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

2.13 Government grants

Government grants are recognised when there is reasonable assurance that:

- the Company will comply with the conditions attached to them; and
- the grants will be received.

Government grants are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate.

A government grant that becomes receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs is recognised as income of the period in which it becomes receivable.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Where a loan is received from government at below market interest rate, the difference between the fair value of the loan and the amount received is recognised as a government grant (deferred income) amortised to the profit or loss over the term of the loan on a systemic basis.

2.14 Finance income and finance cost

The Company's finance income and finance cost include:

- Interest on bank deposits and fixed deposit
- Interest income on short term investment
- Interest on bank overdraft
- Interest on bank loans
- Foreign exchange gain/loss

Finance income is recognised when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount on initial recognition.

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

The effective ineterst rate is the rate that exactly discount estimated future cash payment or receipt through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or

- the amortised cost of the financial liability

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

2.15 Earnings per share

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

2.16 Translation of foreign currencies

A foreign currency transaction is recorded, on initial recognition in Naira, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Transactions in currencies other than the entity’s functional currency (foreign currencies) are recognized at the rates of exchange prevailing on the dates of the transactions.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;

- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and

- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual report are recognised in profit or loss under other gains and losses. in the period in which they arise.

Cash flows arising from transactions in a foreign currency are recorded in Naira by applying to the foreign currency amount the exchange rate between the Naira and the foreign currency at the date of the cash flow.

2.17 Statement of cash flows

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

3 Significant judgements and sources of estimation uncertainty

The preparation of annual report in conformity with IFRS Accounting Standards requires Directors, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

The following are the areas of estimation uncertainties and critical judgements, that the directors have made in the process of applying the Company’s accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Notes to the financial statements for the year ended 31 March 2024

Assumptions and estimation uncertainties

Deferred tax assets

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the end of the reporting period could be impacted.

Allowance for credit losses

The Company periodically assesses its trade and other receivables for probability of credit losses. Management considers several factors including past credit record, current financial position and credibility of management. Estimation and assumptions are made in determining the allowances made for credit losses.

Impairment allowance are made for receivables that have been outstanding for 365 days, in respect of which there is no firm commitment to pay by the customer

These assessments are subjective and involve a significant element of estimation by management on the ultimate recoverability of amounts receivable.

Property, plant and equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. Therefore the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company’s financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset’s expected useful life and the expected residual value at the end of its life. Increasing an asset’s expected life or its residual value would result in the reduced depreciation charge in profit or loss.

The Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. There were no changes in the useful lives of Property, plant and equipment in the current year.

Valuation of financial liabilities

As at the end of the reporting period, the Company was granted some government assisted loans at below market rates. In accordance with IAS 20, the government grant which is the difference between the proceeds of the loans and their fair value is accounted for. Based on IFRS 9, all financial liabilities are initially recognized at fair value. In computing the fair value of these loans, the imputed interest rate used in discounting the cash flows associated with the loans is based on management assessment of its market rate of interest at the time the loans were granted.

Notes to the financial statements for the year ended 31 March 2024

Provision for gratuity

The Company operates an unfunded defined benefit scheme which entitles staff who put in a minimum qualifying working period of five years to gratuity upon leaving the employment of the Company. IAS 19 requires the application of the Projected Unit Credit Method for actuarial valuations. Actuarial measurements involve assumptions and the making of several demographic projections regarding mortality, rates of employee turnover etc. and financial projections in the area of future salaries and benefit levels, discount rate, inflation etc, which impact the obligation.

Provision for long service award

A provision for Long term service award is granted at first to employees that have spent a minimum of ten years in service and for every multiple five years an employee remains in service. IAS19 requires the application of the Projected Unit Credit Method for actuarial valuations. Actuarial measurements involve the making assumptions and several demographic projections regarding mortality, rates of employee turnover etc. and financial projections in the area of future salaries and benefit levels, discount rate, inflation etc.

Taxation

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority.

Impairment of property, plant and equipment

Determining whether an item of property, plant and equipment is impaired requires an estimation of the recoverable amount of the cash generating units to which the item has been allocated. The value in use calculations requires directors to estimate the future cashflows expected to arise from the cash generating unit and use a suitable discount rate to calculate the present value. The determination of the expected future cashflows requires assumptions to be made by management. Where the actual future cashflows are less than expected, an impairment loss may arise.

Critical judgements

Provisions and Contingencies

Judgements and assumptions are made about the likelihood and magnitude of an outflow of resources with respect to ongoing litigation and claims and regulatory audits.

Measurement of fair value

Several assets and liabilities of the company are either measured at fair value or disclosure is made of their fair values.

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

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

• Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

• Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

• Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

Further information about the basis of determination of fair values is included in Note 34.

4. New Standards and Interpretations

4.1 Standards and interpretations issued and effective during the year

Amendments to the following standard(s) became effective in the annual period starting from 1 April 2023. The new reporting requirements as a result of the amendments and/or clarifications have been evaluated and their impact or otherwise are noted below:

- IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Making Materiality Judgements- Disclosure of Accounting Policies
- Amendments to IAS 12 Income Taxes- Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes- International Tax Reform- Pillar Two Model Rules
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors- Definition of Accounting Estimates

Amendment to IFRS 17 Insurance Contracts (including the June 2020 and December 2021

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The Company does not have any contracts that meet the definition of an insurance contract under IFRS 17. The amendment does not have any impact on the Company

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

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

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2. The amendment does not have matterial impact on the Company.

Amendments to IAS 12 Income Taxes- Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12. The amendment doen not have material impact on the Company.

Amendments to IAS 12 Income Taxes- International Tax Reform- Pillar Two Model Rules

IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top up taxes described in those rules. The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes. The amendment does not have material impact on the Company.

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

Following the amendments, the company is required to disclose that it has applied the exception and to disclose separately its current tax expense (income) related to Pillar Two income taxes. The company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". The definition of a change in accounting estimates was deleted. The amendment does not have material impact on the Company.

4.2 Standards and interpretations issued/amended but not yet effective

The following standards have been issued or amended by the IASB but are yet to be effective as at the reporting date:

- Amendments to IAS 1 Classification of Liabilities as Current or Non-current.

- Amendments to IAS 1 Non-current Liabilities with Covenants.

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

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

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

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

In January 2020, the IASB issued amendment to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendment clarify:

- What is meant by a right to defer settlement.
- That a right to defer must exist at the end of the reporting period.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification. The IASB also added two new paragraphs (Paragraph 76A and 76B) to IAS1 to clarify what is meant by “settlement” of a liability. The IASB concluded that it was important to link the settlement of the liability with the outflow of resources of the entity. The amendment is not expected to have any material impact on the Company.

Amendments to IAS 1 Non-current Liabilities with Covenants.

Under the amendments to IAS 1 Presentation of Financial Statements the classification of certain liabilities as current or non-current may change (e.g. convertible debt). In addition, companies may need to provide new disclosures for liabilities subject to covenants.

The amendments will apply from 1 January 2024. However, companies need to consider whether their upcoming annual financial statements will need to include disclosures under IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors of the possible future impacts. The amendment is not expected to have any material impact on the Company.

Amendments to IFRS 16 Lease Liability in a Sale and Leaseback.

In January 2020, the IASB issued amendment to IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments are effective for annual reporting periods beginning on or after 1 January 2024 and must be applied retrospectively. The amendment confirm the following:

- On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.

A seller-lessee may adopt different approaches that satisfy the new requirements on subsequent measurement. The amendments are effective for annual reporting periods beginning on or after 1 January 2024, with earlier application permitted. The amendment is not expected to have any material impact on the Company.

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

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information. To meet the disclosure objective, companies will be required to disclose in aggregate for its supplier finance arrangements:

- The terms and conditions of the arrangements
- The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements
- The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers
- Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement

Liquidity risk information

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted

If an entity with material supplier finance arrangements has not yet applied the amendments to IAS 7 and IFRS 7, the entity should provide clear disclosure of:

Notes to the financial statements for the year ended 31 March 2024

- The approach to the presentation of significant supplier financing arrangements and, in accordance with IAS 1:122, the judgements made in applying that policy
- How supplier financing transactions have been reflected in the statement of cash flows
- The carrying amount of the liabilities in question and the line item(s) in which they are presented
- When supplier financing arrangements have been used as a tool to manage liquidity risk, the disclosures required by IFRS 7:39 (C).

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

Notes to the financial statements for the year ended 31 March 2024

5 Revenue

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Sale of goods	25,951,365	16,161,840

6 Cost of sales

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Raw materials consumed**	20,949,695	13,436,335
Employee costs (Note 29)	288,603	239,785
Depreciation (Note 14(b))	283,775	275,763
Petrol, gas and oil	562,354	626,010
Rent and rate	55	33,515
Repairs and maintenance	226,666	194,937
Insurance	28,644	18,530
Capitalized spares written of	-	16,194
Inventory write off	-	106,422
Other expenses	55,270	67,302
	22,395,062	**15,014,793**

** The raw materials consumed comprises of Wheat,Sorghum and Maize

7 Other operating income

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Sundry income	24,922	22,593
Insurance claim	-	132,257
Lease income***	15,258	4,217
Gain on disposal of Property, Plant and Equipment	-	4,800
Grant income (Note 24)	5,372	20,644
	45,552	**184,511**

*** The Company leases out its Guest House. The Company has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.The referenced assets are warehoused within property plant and equipment

Lease income recognised by the Company during the year was N15.3million (2023: N4.2million)

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after reporting date.

Notes to the financial statements for the year ended 31 March 2024

	N'000
Less than one year	4,783
One to two years	5,000
Two to three years	5,000
Three to four years	5,000
Four to five years	5,000
More than five years	5,000
	29,783

8	Selling and distribution expenses (analysed by nature)	31-Mar-24	31-Mar-23
		₦'000	₦'000
	Employee costs (Note 29)	41,665	23,212
	Promotional and similar expenses	278,481	128,714
	Advertisement	29,188	20,220
		349,334	**172,146**

9 (a) General and administrative expenses (analysed by nature)

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Auditors remuneration*	18,760	12,900
Bank charges	21,083	15,409
Consulting and professional fees	39,749	50,734
Depreciation (Note 14(b))	18,625	19,788
Employee costs (Note 29)	529,537	302,681
Directors' emoluments (Note 32)	19,500	14,200
Entertainment	68	803
IT expenses	41,004	51,637
Insurance	2,440	3,562
Motor vehicle expenses	695	3,517
Fuel, gas and oil	51,604	22,407
Group overhead allocation	69,874	-
Other expenses	17,424	18,047
Printing and stationery	4,696	3,221
Telephone and fax	3,458	3,969
Rent and rates	7,435	3,272
Repairs and maintenance	63,270	33,741
Non income taxes	26,282	21,869
Security	5,946	8,793
Software maintenance expenses	2,532	4,071
Donations	1,736	500
Subscriptions	16,665	16,441
Write off of Property, Plant and Equipment	-	37,404
Travelling expenses	6,500	12,566
Postage	243	1,213
	969,126	**662,745**

Notes to the financial statements for the year ended 31 March 2024

* The Auditors remuneration stated above is inclusive of 7.5% value added tax.

The Auditors, also renderred ICFR assurance services during the year and were paid N9.5 million (2023: Nil).

10 Finance income

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Interest on bank deposits and fixed deposit	1,716	545
Interest income on short term investment	5,864	3,564
Total finance income	**7,580**	**4,109**

11 Finance costs

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Interest on bank overdraft	-	71
Interest on bank loans	23,272	25,871
	23,272	**25,942**
Monitoring fees	843	1,741
Total finance costs expensed	24,115	27,683
Foreign exchange gains	(2,460)	(16)
Total finance costs determined using effective interest rate	**21,655**	**27,667**

Monitoring fees relates to 0.125% charge on the outstanding balance of the loan payable quarterly.

12 Taxation

(ai) Per profit or loss	31-Mar-24	31-Mar-23
	₦'000	₦'000
Income tax expense		
Income tax charged	598,089	-
Education tax	80,550	5,293
Police Trust Fund Levy	115	27
Prior year under provision	-	15,762
Current tax expense	678,754	**21,082**
Deferred expense/(credit)	102,010	168,158
Net income tax as per profit or loss	**780,764**	**189,240**

Corporation tax is calculated at 30% (2023: 30%) of the estimated taxable profit for the year while tertiary education tax is calculated at 3% (2023: 2.5%) of the estimated assessable profit for the year.

Notes to the financial statements for the year ended 31 March 2024

		31-Mar-24	31-Mar-23
		₦'000	₦'000
(aii)	Minimum tax	-	82,103

		31-Mar-24	31-Mar-23
	Per statement of financial position	**₦'000**	**₦'000**
(b)	**Current tax payable**		
	At 1 April	95,338	97,808
	Charge for the year	678,754	5,320
	Prior year under provision	-	15,762
	Minimum tax	-	82,103
	Payment during the year	-	-
	Cash payment during the year	(80,645)	(77,683)
	Transferred to intercompany payable	-	-
	Witholding tax utilized(note 16)	(6,771)	(27,972)
	At 31 March	**686,676**	**95,338**

		31-Mar-24	31-Mar-23
(C)	**Reconciliation of effective tax rate**	**₦'000**	**₦'000**
	Profit before tax on continuing operations (A)	2,306,659	462,061
	Tax at the statutory corporation tax rate of 30% (2023: 30%)	691,998	138,618
	Tertiary education tax rate @3% of assessable profit (2023: 2.5%)	80,550	11,551
	Tax effect of tax incentives (investment allowance)	-	(2,916)
	Tax effect of non-deductible expenses	12,276	62,346
	Effect of adjustment in tax rate	(1,244)	-
	Effect of income that is exempt from taxation	(3,000)	-
	Effect of adjustments (minimum tax, Police trust	115	-
	Other items	-	(1,758)
	Impact of balancing allowance vs write-off of PPE	1,684	(4,858)
	Effect of prior year underprovision	-	15,763
		782,379	**218,746**
	Adjustments recognized in the current period in relation to the deferred tax of prior periods	**(1,614)**	**-**
	Changes in estimates related to prior years	**-**	**(29,505)**
	Income tax expense recognized in profit or loss	**780,765**	**189,241**
	Effective tax rate (B/A)	**33.85%**	**40.96%**

13 Deferred tax

The deferred tax assets and the deferred tax liability relate to income tax in the same jurisdiction, and the law allows net settlement. Therefore, they have been offset in the statement of financial position as follows:

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Deferred tax liability	881,746	762,672

Analysis of deferred tax (assets)/liabilities

31 March, 2024	**Opening Balance At Apr-23**	**Recognised in profit or loss**	**Recognised in other compre-hensive income**	**Closing Balance At Mar-24**
Deferred tax assets in relation to:	**N'000**	**N'000**	**N'000**	**N'000**
Property, plant and equipment	300,971	676,202	-	977,173
Retirement benefits	(77,926)	(4,581)	17,064	(65,443)
Allowance for bad debt	(17,911)	11,995	-	(5,916)
Write-down of obsolete inventories	(3,212)	-	-	(3,212)
Allowance for impairment on	-		-	-
Exchange difference	77	813	-	890
Revaluation surplus on land	560,673	(560,673)	-	-
Other provisions	-	(21,746)	-	(21,746)
	762,672	**102,010**	**17,064**	**881,746**

31 March, 2023	**Opening Balance**	**Recognised in profit or loss**	**Recognised in other compre-hensive income**	**Closing Balance**
Deferred tax assets in relation to:	**N'000**	**N'000**	**N'000**	**N'000**
Property, plant and equipment	143,483	157,488	-	300,971
Retirement benefits	(71,762)	(12,436)	6,272	(77,926)
Allowance for bad debt	(41,004)	23093	-	(17,911)
Write-down of obsolete inventories	(3,212)	-	-	(3,212)
Exchange difference	64	13	-	77
Revaluation surplus on land	174,001	-	386,672	560,673
	201,570	**168,158**	**392,944**	**762,672**

Movement in Deferred tax liabilities

	31-Mar-24	**31-Mar-23**
	₦'000	**₦'000**
Beginning of the year	(762,672)	(201,570)
Charge for the year recognised in profit or loss	(102,010)	(168,158)
Charge to other comprehensive income	**(17,064)**	(392,944)
31-Mar	**(881,746)**	**(762,672)**

Notes to the financial statements for the year ended 31 March 2024

Deferred tax assets and liabilities are attributable to the following:	Assets		Liabilities		Net	
	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24	31-Mar-23
Property, plant and			977,173	300,971	977,173	300,971
Retirement benefit provision	(65,443)	(77,926)	-	-	(65,443)	(77,926)
Allowance for bad debt	(5,916)	(17,911)	-	-	(5,916)	(17,911)
Write-down of obsolete inventories	(3,212)	(3,212)	-	-	(3,212)	(3,212)
Exchange differences			890	77	890	77
Revaluation surplus on	-	-		560,673	-	560,673
Other provision	(21,746)				(21,746)	-
	(96,317)	(99,049)	978,063	861,721	881,746	762,672

The Directors have recognised a deferred tax liability of N881.7million (2023: N762.6million) relating to deductible temporary differences and unused tax losses available for utilization against future taxable profits. Management assessment of the recoverability of the deferred tax asset is based on approved forecast which reflects improved trading performance arising from introduction of new products and strengthening of the sales and distribution channels of the Company by partnering with the sales team of the parent company, Flour Mills of Nigeria Plc.

There was no unrecognised deferred tax as at the end of the reporting period (2023: Nil).

The tax assessments and computations for the year ended 31 March 2024 were performed by Olukunle Ogunbamowo, FRC/2013/ICAN/00000000818 of Messrs Deloitte & Touche, FRC/2022/COY/091021.

Notes to the financial statements for the year ended 31 March 2024

14 (a) Property, plant and equipment

	Land	Buildings	Plant & Machinery	Furniture & equipment	Motor Vehicles	Capital work-in-progress	Total
	₦'000	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**	**₦'000**
Cost							
Balance at 1 April 2022	1,761,275	136,231	3,276,155	126,857	388,567	282,601	5,971,686
Additions	-	-	-	-	-	185,290	185,290
Transfer from CWIP	-	183,001	97,205	55,044	16,980	(352,230)	-
Disposals	-		(95,381)	-	-	-	(95,381)
Revaluation surplus	3,866,725	-	-	-	-	-	3,866,725
Writeoff	-	-	(16,194)	-	-	(21,209)	(37,403)
Balance at 31 March 2023	**5,628,000**	**319,232**	**3,261,785**	**181,901**	**405,547**	**94,452**	**9,890,917**
Balance at 1 April 2023	5,628,000	319,232	3,261,785	181,901	405,547	94,452	9,890,917
Additions						199,402	199,402
Transfer from CWIP		32,460	135,500	8,762		(176,722)	-
Writeoff			(3,456)		(119)		(3,575)
Balance at 31 March 2024	**5,628,000**	**351,692**	**3,393,829**	**190,663**	**405,428**	**117,132**	**10,086,744**
Accumulated depreciation:							
Balance at 1 April 2022	-	48,016	1,711,451	78,317	286,004	-	2,123,788
Charge for the year	-	6,665	214,047	50,552	24,287	-	295,551
Disposals	-	-	(95,381)	-	-	-	(95,381)
Balance at 31 March 2023	**-**	**54,681**	**1,830,117**	**128,869**	**310,291**	**-**	**2,323,958**
Balance at 1 April 2023	-	54,681	1,830,117	128,869	310,291	-	2,323,958
Charge for the year	-	10,521	225,836	34,997	31,046	-	302,400
Balance at 31 March 2024	**-**	**65,202**	**2,055,953**	**163,866**	**341,337**	**-**	**2,626,358**
Carrying amount:							
Balance at 31 March 2024	**5,628,000**	**286,490**	**1,337,876**	**26,797**	**64,091**	**117,132**	**7,460,386**
Balance at 31 March 2023	**5,628,000**	**264,551**	**1,431,668**	**53,032**	**95,256**	**94,452**	**7,566,959**

Notes to the financial statements for the year ended 31 March 2024

(b) Total depreciation charge is recognised in profit or loss as follows:	31-Mar-24	31-Mar-23
	₦'000	₦'000
Cost of sales	283,775	275,763
General and administrative expenses	18,625	19,788
	302,400	**295,551**

Land and building is analysed as follows:

	Land	Building	Total
	N'000	N'000	N'000
Carrying Amount			
Balance at 31 March 2024	5,628,000	286,490	5,914,490
Balance at 31 March 2023	5,628,000	264,551	5,892,551

Carrying amount that would have been recognised if land was stated at cost is N21.27 million (2023: 21.27 million).

Pledged as security

There is a negative pledge over the Company's property, plant and equipment given in relation to the Company's borrowings amounting to N214 million (2023: N394 million).

Capital commitment

At 31 March 2024, the total capital commitment of the Company amounted to N93 million (2023: Nil) in respect of various capital projects.

Capital work in progress

All Capital work in progress relates to the installation of certain items of plant and machinery.

Revaluation of land

Management determined that the Land properties constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined using the market comparable method. The valuations have been performed by the valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on 15 February 2023, the properties' fair values are based on independent valuations performed by Kalu O. U. (HND, MPM, ANIVS, RSV) FRC registration number FRC/2012/NIESV/0000000000470 of Godwin Kalu & Co. (Estate Surveyors, Valuers & Developers) FRC registration number FRC/2023/COY/812389, who has recognised professional qualifications and experience in the location of the land. A net gain from the revaluation of the land in Nigeria of N3.9 billion in 2023 was recognised in Other comprehensive income.

The land revaluation exercise provided a revaluation surplus which is not available for distribution to the shareholders. It is the management policy to carry out revaluation of land every three (3) years. The valuation has been made using inputs classified as level 3 fair value hierarchy.

Significant unobservable valuation input:	Range
Price per square meter	N50,000 - N180,000

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

Notes to the financial statements for the year ended 31 March 2024

15. (a) Inventories	31-Mar-24	31-Mar-23
	₦'000	₦'000
Raw and packaging materials	4,811,578	6,835,364
Goods in Transit - Raw Materials	277,357	128,560
Finished goods	773,692	381,586
Maintenance spares and consumables	392,388	299,582
	6,255,015	**7,645,092**

(b) The cost of inventories recognised as an expense (raw material consumed) during the year was N20.97billion (2023: N13.44billion).

(c) The cost of inventories damaged by rain storm during the year and was written off to profit or loss amounted to Nil (2023: N106 million). The Company was fully compensated for the loss in 2023(Note 7).

(d) Reconciliation of changes in inventories included in the statement of cash flows

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Closing balance	(6,255,015)	(7,645,092)
Opening balance	7,645,092	8,237,924
Change in inventory	**1,390,077**	**592,832**

16. Trade and other receivables

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Trade receivables - third parties	379,652	538,963
Trade receivables due from related parties	652,046	148,508
Employee receivables	29,139	36,204
Credit loss allowance for trade receivables	(27,656)	(64,995)
Trade and other receivables at amortised cost	1,033,181	658,680
Withholding tax receivables	1,367	1,484
Other receivables**	12,225	8,291
Total trade and other receivables	**1,046,773**	**668,456**

** Other receivables represents cash with Registrar N12.2 million (2023: N8.3 million)

Exposure to credit risk

Trade receivables inherently expose the company to credit risk, being the risk that the Company will incur financial loss if customers fail to make payments as they fall due.

Before granting a new customer credit, the Company initially trades with the customer on a cash basis to assess the customer's credit worthiness and also determine the customer's transaction volume. This enables a reasonable credit limit to be set. Once these are determined, the customer is then allowed to apply for a credit facility from the Company through a rigorous process with several levels of approval.

Credit sales form a small portion of overall sales. Other than amount due from parent company, the concentration of credit risk is limited due to this fact and the large and unrelated customer base. The Company has pledged no trade receivables during the year.

Notes to the financial statements for the year ended 31 March 2024

31-Mar-24

Trade receivables - third parties

Ageing group	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
		₦'000	₦'000	₦'000
1 - 30 days	6.36%	374,245	(23,783)	350,462
31 - 60 days	12.09%	5,182	(626)	4,556
61 - 180 days	14.92%	226	(34)	192
		379,652	**(24,443)**	**355,210**

Trade receivables - related parties

Ageing group	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
		₦'000	₦'000	₦'000
1 - 30 days past due	0%	322,773	-	322,773
31 - 60 days past due	0%	182,356	-	182,356
61 - 180 days past due	0%	146,916	-	146,916
		652,045	**-**	**652,045**

Employee receivables

Ageing group	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
		₦'000	₦'000	₦'000
0 - 30 days	0%	3,950	-	3,950
31 - 60 days	0%	-	-	-
61 - 90 days	0%	20,468	-	20,468
91 - 180 days	0%	49	-	49
181 - 365 days	0%	603	-	603
Above 365 days	79%	4,069	(3,213)	856
		29,139	**(3,213)**	**25,926**

31-Mar-23

Trade receivables - third parties

Ageing group	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
		₦'000	₦'000	₦'000
Current (not due)	10%	463,051	(45,775)	417,276
1 - 30 days past due	19%	41,070	(7,721)	33,349
31 - 60 days past due	23%	13,536	(3,141)	10,395
61 - 180 days past due	23%	21,306	(4,971)	16,335
		538,963	**(61,608)**	**477,355**

Trade receivables - related parties

Ageing group	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
		₦'000	₦'000	₦'000
Current (not due)	0%	69,893	-	69,893
1 - 30 days past due	0%	78,615	-	78,615
		148,508	**-**	**148,508**

Employee receivables

Ageing group	Weighted average loss rate	Gross carrying amount	Loss allowance	Net carrying amount
		₦'000	₦'000	₦'000
0 - 30 days	0%	90	-	90
31 - 60 days	3.30%	1,161	(38)	1,123
61 - 90 days	5.50%	24,123	(1,327)	22,796
91 - 180 days	7.00%	29	(2)	27
181 - 365 days	7.90%	752	(59)	693
Above 365 days	19.50%	10,049	(1,960)	8,089
		36,204	**(3,386)**	**32,818**

Movement in impairment of trade and other receivables	**31-Mar-24**	**31-Mar-23**
	₦'000	₦'000
At 1 April	64,995	136,050
Reversal of impairment loss on trade and other receivables	(37,339)	(71,055)
At 31 March	27,656	64,995

In determining the recoverability of the trade receivables, management considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the directors believe that there is no further impairment required in excess of the allowance for doubtful debts already recognised.

Fair value of trade and other receivables

The fair value of trade and other receivables approximates their carrying amounts due to the immaterial impact of discounting as a consequence of their short term nature. Accordingly, no further fair value information is presented.

Notes to the financial statements for the year ended 31 March 2024

Reconciliation of changes in trade and other receivables included in the statement of cashflows

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Movement during the year	(378,317)	(491,000)
Withholding tax utilised (Note 12)	(6,771)	(27,972)
	(385,088)	**(518,972)**

17. Prepayments

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Long term prepayment	3,111	1,524
Short term prepayment	106,382	133,787
	109,493	**135,311**

	31-Mar-24	31-Mar-23
Broken down as follows:	₦'000	₦'000
Prepaid IT expenses	1,159	6,992
Prepaid insurance premium	29,205	16,677
Prepaid employee benefits***	7,717	6,126
Other prepaid expenses	930	1,148
Advance payment to suppliers	70,482	104,368
	109,493	**135,311**

***Prepaid employee benefits relates to staff allowances paid upfront and amortised monthly, details as follows: Household allowance N2.9million (2023: N4.2million), Vehicle maintenance allowance N4.5million (2023: N1.6million), Housing allowance N0.3million (2023: N0.3million).

	31-Mar-24	31-Mar-23
Analysed into:	₦'000	₦'000
Non-current	3,111	1,524
Current	106,382	133,787
	109,493	**135,311**

Reconciliation of changes in prepayment included in the statement of cashflows.

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Closing balance	(109,493)	(135,311)
Opening balance	135,311	44,398
	25,818	**(90,913)**

18. Investment

Investment represents a portion of unclaimed dividend which the Company has invested in fixed income securities through an investment manager, in line with the requirements of the Securities and Exchange Commission that unpaid dividends be invested in an interest bearing instrument with an Investment manager. This amount is restricted from use by the Company. The investment is for 6 months with an interest rate of 8% per annum.

Notes to the financial statements for the year ended 31 March 2024

		31-Mar-24	31-Mar-23
Investment		**₦'000**	**₦'000**
At 1 April		49,853	44,928
Addition during the year		5,718	2,961
Disposal during the year		-	(1,600)
Interest income	Note 10	5,864	3,564
At 31 March		**61,435**	**49,853**

Reconciliation of changes in investment included in the statement of cashflows.

Balance at 31 March 2024	(61,435)	(44,928)
Balance at 1 April 2024	49,853	49,853
Movement during the year	(11,582)	4,925

19. Cash and cash equivalents

	31-Mar-24	31-Mar-23
Cash and cash equivalents consist of:	**₦'000**	**₦'000**
Cash on hand	55	48
Bank balances	2,991,289	1,762,114
	2,991,344	1,762,162
Cash and cash equivalents per statement of financial position and cash flows	**2,991,344**	**1,762,162**

Cash and cash equivalents comprise cash and bank balances. The carrying amount of these assets approximate their fair values due to their short term nature. See note 33 for additional information on exposure to credit and currency risk

20. Share capital and share premium

	31-Mar-24	31-Mar-23
Issued and fully paid share capital	**₦'000**	**₦'000**
178,200,000 (2023: 178,200,000) ordinary shares of 50 kobo each	89,100	89,100
Share premium	89,521	89,521
	178,621	**178,621**

21. Borrowings

	31-Mar-24	31-Mar-23
	₦'000	**₦'000**
Unsecured borrowings		
Bank of Industry Loan - CBN intervention fund (See note a below)	45,736	214,006
	45,736	**214,006**

	31-Mar-24	31-Mar-23
Analysed into:	**₦'000**	**₦'000**
Non-current portion	-	49,219
Current portion	45,736	164,787
	45,736	**214,006**

Loan movement

	31-Mar-24	31-Mar-23
	₦'000	₦'000
At 1 April	214,006	393,703
Accrued interest (Note 11)	23,272	25,871
Principal repayment	(175,924)	(173,768)
Payment of interest	(15,618)	(31,800)
At 31 March	**45,736**	**214,006**

Details of Borrowings

a. The Commercial Agricultural Credit Scheme (CACS) loan is guaranteed by a negative pledge on the Company's assets.

The Bank of Industry (BOI) loans were obtained at below market interest rates and were hence recorded at their fair value at inception using the appropriate market rate at date of draw down. Due to the nature of the lending and the providers, the benefit of the below market rate has been treated as government grants and included in deferred revenue (Note 24).

b. The CBN on 16 March 2020 announced certain policy measures to ensure the country's financial stability and cushion the adverse effect of the coronavirus pandemic on the Nigerian Economy. These measures included:

i. the one year extension of moratorium on principal repayments of all CBN intervention facilities and

ii. reduction of the interest rate from 12% to 10% for one year effective from 1 April 2020.

iii. Interest rate reduction to 10% was retained for further 13 months effective 1 April 2021.

iv. Increment of the interest rate from 10% to 12% effective from 1 May 2022.

31-Mar-2024	Currency	Nominal interest rate	Maturity	Carrying amount	Fair value
				₦'000	₦'000
Bank of industry loan 1	Naira	12%	2024	45,736	71,726
				45,736	71,726

31-Mar-2023	Currency	Nominal interest rate	Maturity	Carrying amount	Face value
				₦'000	₦'000
Bank of industry loan 1	Naira	12%	2024	214,006	215,999
				214,006	215,999

Notes to the financial statements for the year ended 31 March 2024

22 Retirement benefits

Defined benefit plan

The Company operates unfunded defined benefit plans for qualifying employees of the Company. Under the plans, the employees are entitled to retirement benefits on attainment of a retirement age ranging from 50 to 60

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 March 2024 by Takalani Sikhavhakhavha(Associate Director)FRC/2023/PRO/NAS/004/802144 of Deloitte & Touche FRC/2022/coy/091021. The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

Amounts recognised in the financial statements in respect of the defined benefit scheme are as follows:

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Carrying value		
Present value of the defined benefit obligation - wholly unfunded	165,005	199,916

Movements during the year	31-Mar-24	31-Mar-23
	₦'000	₦'000
Opening balance	199,916	190,058
Net transfer (note 25)	(3,309)	(2,910)
Benefits paid during the year	(21,080)	(7,753)
Net expense recognised in profit or loss and other comprehensive income	(10,522)	20,521
	165,005	**199,916**

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Current service cost	14,724	15,756
Interest cost	26,463	24,062
Recognised in profit or loss	41,187	39,818
Actuarial gain recognised in other comprehensive income	(51,709)	(19,297)
	(10,522)	**20,521**

	31-Mar-24	31-Mar-23
Actuarial gains and losses due to:	₦'000	₦'000
Changes in financial assumptions	(25,180)	(18,536)
Changes in experience	(26,529)	(761)
	(51,709)	**(19,297)**

Notes to the financial statements for the year ended 31 March 2024

Key financial assumptions used

	31-Mar-24	31-Mar-23
Discount rates (per annum)	18.70%	14.35%
Average rate of inflation (per annum)	14.6%	13.0%
Expected increase in salaries (per annum)	14.0%	13.0%
Interest credit (per annum)	8.0%	8.0%
Average duration of the plan (years)	4.52	5.87

Demographic assumptions

Mortality and withdrawal from service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK due to unavailability of published reliable demographic data in Nigeria.

Sample age	Number of deaths in year out of 10,000 lives	Withdrawal from Service (Age band)	Withdrawal from Service (Rate)
25	7	</=30	5.0%
30	7	31 - 39	3.0%
35	9	40 - 44	2.0%
40	14	45 - 50	1.5%
45	26	51 - 55	1.1%
		56 - 59	2.5%

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefits obligation by the amount shown below:

2024		**N '000**
Base		165,005
Discount rate	+1%	158,865
	-1%	171,731
Salary increase	+1%	171,958
	-1%	158,570
Mortality experience	Age rated up by 1 year	168,006
	Age rated down by 1 year	162,408

2023		**N '000**
Base		199,915
Discount rate	+1%	187,618
	-1%	213,742
Salary increase	+1%	205,879
	-1%	194,459
Mortality experience	Age rated up by 1 year	199,947
	Age rated down by 1 year	199,886

Notes to the financial statements for the year ended 31 March 2024

23. Long service award

The Company operates a long service award scheme where employees are rewarded after a specific number of years in service. Employees are entitled to the benefits after being in service for 10, 15, 20, 25, 30 and 35 years. The amounts and items given are based on the number of years in service.

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 March 2024 by Takalani Sikhavhakhavha FRC/2023/PRO/NAS/004/802144 of Deloitte & Touche FRC/2022/COY/091021 . The present value of the defined benefit obligation, and the related current service cost, were measured using the Projected Unit Credit Method.

Carrying value

The amount included in the statement of financial position arising from the Company's obligations in respect of its long service awards is as follows:

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Long service awards	33,305	39,857

Movements in the account during the year was as follows:

	31-Mar-24	31-Mar-23
	₦'000	₦'000
At beginning of the year	39,857	30,746
Net transfer	(1,797)	(1,044)
Net expense recognised in profit or loss	13,270	14,066
Benefits paid during the year	(18,025)	(3,911)
At the end of the year	**33,305**	**39,857**

Net expense recognised in profit or loss and other comprehensive income

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Current service cost	4,188	3,720
Interest cost	4,965	3,522
Actuarial losses	4,117	6,824
	13,270	**14,066**

Actuarial gains and losses on long service awards are analysed as follows:

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Changes in economic assumption	(7,754)	(4,507)
Changes in experience adjustment	11,871	11,331
Net movement recognised in profit or loss for the year	**4,117**	**6,824**

Key financial assumptions used

The principal assumptions for the purpose of the actuarial valuations were as follows:

	Valuation at	
	31-Mar-2024	**31-Mar-2023**
Discount rate (per annum)	18.64%	14.27%
Expected rate(s) of salary increases (per annum)	14.00%	13.00%
Average rate of inflation (per annum)	16.77%	13.00%
Benefit inflation rate (per annum)	6.50%	6.50%
Average duration of the plan (years)	5.11	5.87

Demographic assumptions

Mortality and withdrawal from service

The rates of mortality assumed for employees are the rates published in the A67/70 Ultimate Tables, published jointly by the Institute and Faculty of Actuaries in the UK due to unavailability of published reliable demographic data in Nigeria.

Sample age	Number of deaths in year out of 10,000	Withdrawal from Service	Withdrawal from Service
25	7	</=30	5.0%
30	7	31 - 39	3.0%
35	9	40 - 44	2.0%
40	14	45 - 50	1.5%
45	26	51 - 55	1.1%
		56 - 59	2.5%

Sensitivity analysis
Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the long service awards by the amount shown below:

2024		**N'000**
Base		33,305
Discount rate	+0.5%	32,593
	-0.5%	34,049
Salary increase rate	+0.5%	33,955
	-0.5%	32,680
Benefit escalation rate	+0.5%	33,437
	-0.5%	33,179
Mortality experience	Age rated up by 1 year	33,372
	Age rated down by 1 year	33,293

Notes to the financial statements for the year ended 31 March 2024

2023		**N'000**
Base		39,857
Discount rate	+1%	28,989
	-1%	32,716
Salary increase rate	+1%	32,537
	-1%	29,129
Benefit escalation rate	+1%	31,058
	-1%	30,455
Mortality experience	Age rated up by 1 year	30,633
	Age rated down by 1 year	30,848

24. Deferred income

	31-Mar-24	**31-Mar-23**
	₦'000	**₦'000**
Non-current liabilities	-	616
Current liabilities	3,266	8,022
	3,266	**8,638**

	31-Mar-24	**31-Mar-23**
	₦'000	**₦'000**
Opening balance	8,638	29,282
Release of deferred income from government grant	(5,372)	(20,644)
Closing balance	**3,266**	**8,638**

The deferred income represents government grants arising from the benefit received from below-market-interest rate government assisted loans (BOI and CACS loans) granted to date (Note 21). The income is recognised in profit or loss over the tenor of the loan on a systematic basis. See Notes 7 and 21.

25. (a) Trade and other payables

	31-Mar-24	**31-Mar-23**
	₦'000	**₦'000**
Financial instruments:		
Trade payables - third parties	218,852	61,717
Trade payables - related parties	4,148,981	8,473,541
Other payable (non trade)**	1,907,117	908,741
Other accrued expenses	445,011	281,640
	6,719,961	9,725,639
Non-financial instruments:		
Statutory payables	15,467	64,602
Pension payable (Note 25 (c))	19,947	22,974
	6,755,375	**9,813,215**
Analized as:		
Non-current	**-**	**-**
Current	**6,755,375**	**9,813,215**

Notes to the financial statements for the year ended 31 March 2024

****Other payable (non trade) relates to** the balance due to Flour Millers Association of Nigeria (FMAN). FMAN pulls cash from its members, one of whom is the parent company, Flour Mills of Nigeria PLC (FMN) to procure Nigerian wheat for use in production. Amount received on behalf of FMAN, included in the balance above is N1.9 billion (2023: N908 million).

The Company has financial risk management policies in place to ensure that all payables are paid within a reasonable time of the credit time frame.

(b) Fair value of trade and other payables

The fair value of trade and other payables approximates their carrying amounts due to the immaterial impact of discounting as a consequence of their short term nature.

(c) Defined contribution plan

The employees of the Company are members of a government approved Pension scheme (Pension Reform Act, 2014) which is managed by several private sector service providers. The Company and employees are required to contribute 10% and 8% respectively of the employees basic salaries, housing and transport allowances to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

	31-Mar-24	31-Mar-23
	N'000	N'000
Movement in pension payable		
Opening balance	22,974	22,279
Employees' contribution	14,703	13,159
Employer's contribution	18,514	16,449
Remittances	(36,244)	(28,913)
Closing Balance (Note 25 (a))	**19,947**	**22,974**

Changes in trade and other payables per statement of cash flow

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Trade payables as at year end	6,755,375	9,813,215
Trade payables as at 1 April	(9,813,215)	(9,401,278)
Net transfer on gratuity (Note 22)	(3,309)	(2,910)
Net transfer on Long Service Award (Note 23)	(1,797)	(1,044)
	(3,062,946)	407,983

Notes to the financial statements for the year ended 31 March 2024

26. Dividend payable

	31-Mar-24	31-Mar-23
	₦'000	₦'000
At 1 April	29,047	31,508
Declared during the year	62,370	44,550
Payment during the year	(46,380)	(40,095)
WHT remittance during the year	(5,865)	(3,493)
Unclaimed dividends arising from dividend declared during the year	-	328
Statute barred dividend	-	(3,751)
At 31 March	**39,172**	**29,047**

Analysed as follows:

Non-current	-	-
Current	39,172	29,047
	39,172	**29,047**

Analysed as follows:

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Cash with registrar (Note 16)	12,225	8,291
Unclaimed dividend invested	26,947	20,756
	39,172	**29,047**

There is no dividend recognised for current year, (2023: N0.35 per share). The Directors do not recommend any dividend in the current financial year (N0.35 per share).

27. Customer deposits

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Advance payment by customers for goods to be supplied (contract liabilities)	1,236,426	85,576

The amount N72.9 million included in contract liabilities as at 31 March 2023 has been recognised in revenue in 2024 (2023: N84.7 million)

28. Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing profit or loss attributable to the ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Notes to the financial statements for the year ended 31 March 2024

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Reconciliation of profit for the year to earnings per share		
Profit or loss for the year attributable to equity holders of the parent	1,525,895	272,821
Weighted average number of shares ('000)	178,200	178,200
Basic earnings per share		
Kobo per share	856	153

Diluted earnings per share (kobo)

In the determination of diluted earnings per share, profit or loss attributable to the equity holders average number of ordinary shares are adjusted for the effects of all dilutive potential ordinary shares.

	31-Mar-24	31-Mar-23
	₦'000	₦'000
Reconciliation of profit for the year to earnings per share		
Profit or loss for the year attributable to equity holders of the parent	1,525,895	272,821
Weighted average number of shares ('000)	178,200	178,200
Diluted earnings per share		
From continuing operations (kobo per share)	856	153

29. Employee information

	31-Mar-24	31-Mar-23
Employee costs	₦'000	₦'000
Salaries, wages and other benefits	786,834	495,345
Pensions (Note 25)	18,514	16,449
Long service awards (Note 23)	13,270	14,066
Gratuity (Note 22)	41,187	39,818
	859,805	565,678

	31-Mar-24	31-Mar-23
Total employee costs recognised in profit or loss	₦'000	₦'000
Cost of sales (Note 6)	288,603	239,785
General and administrative expenses (Note 9(a))	529,537	302,681
Selling and distribution expenses (Note 8)	41,665	23,212
	859,805	565,678

Average number of persons employed as at year end		
Managerial	3	2
Non-managerial staff	54	58
	57	**60**

Notes to the financial statements for the year ended 31 March 2024

The table shows the number of employees (excluding directors) whose earnings during the year fell within the ranges shown below:

N500,000 - N1,000,000	0	5
N1,000,001 - N1,500,000	13	25
N1,500,001 - N2,000,000	23	11
N2,000,001 - N2,500,000	3	3
N2,500,001 - N3,000,000	3	2
N3,000,001 - N3,500,000	2	3
N3,500,001 and above	13	11
	57	**60**

30. Categories of financial instruments

	31-Mar-24 ₦'000	31-Mar-23 ₦'000
Non- derivative financial assets		
Cash and cash equivalents (Note 19)	2,991,344	1,762,162
Trade and other receivables (Note 16)	1,046,773	668,456
Investment (Note 18)	61,435	49,853
	4,099,552	2,480,471

Financial liabilities

	31-Mar-24 ₦'000	31-Mar-23 ₦'000
Borrowings (Note 21)	45,736	214,006
Trade and other payables (excluding statutory deductions) (Note 25)	6,719,961	9,725,641
Dividend payable (Note 26)	39,172	29,047
	6,804,869	**9,968,694**

31. Related party transactions

Relationships

Parent Company	Flour Mills of Nigeria Plc

Name of related party	Nature of relationship
Honeywell Flour Mills Plc	Fellow subsidiary
Apapa Bulk Terminal Limited	Fellow subsidiary
Golden Sugar Company Nigeria Limited	Fellow subsidiary
Flour Mills of Nigeria - FZE	Fellow subsidiary
Premier Feed Mills Company Limited	Fellow subsidiary
Nigerian Eagles Flour Mills Limited	Fellow subsidiary
Crestview Towers Limited	Fellow subsidiary
Olympic Towers (Division of ABTL)	Fellow subsidiary
Agri Palm (Division of PEOPL)	Fellow subsidiary
BAGCO (Division of FMN Plc)	Fellow subsidiary
Niger Mills Calabar (Division of FMN Plc)	Fellow subsidiary
Golden Transport (Division of FMN Plc)	Fellow subsidiary
Premium Edible Oil Products Limited	Fellow subsidiary
Premium Cassava Products (Division of Golden Sugar Ltd)	Fellow subsidiary
Best Chickens Limited	Fellow subsidiary

Sunti Golden Sugar Estates (Division of Golden Sugar Co Ltd)	Fellow subsidiary
Golden Agri Inputs (Division of Golden Fertilizer)	Fellow subsidiary
Eastern Premier Feeds Limited	Fellow subsidiary

Related party balances

	31-Mar-24 N'000	31-Mar-23 N'000
Trade and other receivables		
Flour Mills of Nigeria Plc	462,616	148,508
Premier Feed Mills Company Limited	141,495	-
Honeywell Flour Mills Plc	47,800	-
Sunti Golden Sugar Estates (Div. of Golden Sugar Co Nig Ltd)	135	-
Trade receivables due from related parties (Note 16)	**652,046**	**148,508**

Trade and other payables	31-Mar-24 N'000	31-Mar-23 N'000
Flour Mills of Nigeria Plc	3,952,107	7,715,671
BAGCO (Division of FMN Plc)	2,398	116,766
Niger Mills Calabar (Division of FMN Plc_	88	-
Golden Fertilizer Company	14,874	-
Golden Transport (Division of FMN Plc)	146,482	184,512
Premier Feeds Mills Company Limited	15,237	101,371
Golden Agri Input (Division of Golden Fertilizer Co. Ltd)	-	121,206
Flour Mills of Nigeria - FZE	17,664	
Honeywell Flour Mills Plc	131	234,015
Total (Note 25)	**4,148,981**	**8,473,541**

All outstanding balances with the parent company and other related parties are to be settled on call. None of the balances is secured. No expense has been recognised in the current year or prior year for bad debt in respect of amount owed by related parties.

The following transactions were carried out with related parties during the year:

Purchase of goods and services	31-Mar-24 N'000	31-Mar-23 N'000
Flour Mills of Nigeria Plc	5,031,010	4,512,476
Bagco (Division of FMN Plc)	465,081	382,674
Golden Transport (Division of FMN Plc)	333,346	361,954
Premier Feed Mills Limited	-	11,410
FMN - FZE	15,579	-
	5,845,016	**5,268,514**

Sale of goods and services	31-Mar-24 N'000	31-Mar-23 N'000
Flour Mills of Nigeria Plc	1,346,069	1,120,974
Eastern Premier Feed Mills Limited	-	678,748
Premier Feed Mills Company Limited	1,423,841	7,064
	2,769,910	**1,806,786**

Notes to the financial statements for the year ended 31 March 2024

Interest expense	31-Mar-24 N'000	31-Mar-23 N'000
Flour Mills of Nigeria Plc	-	-
	-	**-**

Related party transactions disclosed is inclusive of the relevant Value Added Tax applicable on the transactions.

Compensation of key management personnel	31-Mar-24 N'000	31-Mar-23 N'000
Short term benefits	61,846	44,368
Post-employment benefits (Pension) Defined contribution plan	2,904	2,696
Gratuity	6,011	4,902
	70,761	**51,966**

32. Directors' emoluments

The members of the executive management team and all directors are considered to be the key management personnel of the Company.

The remuneration paid to Directors was:	31-Mar-24 N'000	31-Mar-23 N'000
Fees	11,800	9,300
Salaries and other emoluments	7,700	4,900
	19,500	14,200

Fees and other emoluments disclosed above include amount paid to:	31-Mar-24 N'000	31-Mar-23 N'000
Chairman	-	-
Other directors	19,500	14,200
	19,500	**14,200**

The number of Directors excluding the Chairman whose emoluments (excluding certain benefits) were within the following ranges:

	31-Mar-24	31-Mar-23
Range		
1-5,000,000	9	9
5,000,001-25,000,000	1	1
	10	10

In thousands of Naira		
Highest paid Director received	8,000	8,000

The Chairman did not receive any remuneration during the year (2023: Nil).

33. Financial instruments and risk management

Capital risk management

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

The Company manages its capital through the optimisation of the net debt to equity ratio. The overall strategy remains unchanged from the previous year.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in notes 21 and equity as disclosed in the statement of financial position.

The management of the Company reviews the capital structure on a frequent basis to ensure that gearing is within acceptable limit.

The Company is not subject to any externally imposed capital requirements.

Ratios

The capital structure and gearing ratio of the select entity at the reporting date was as follows:

		31-Mar-24 N'000	31-Mar-23 N'000
Borrowings	21	45,736	214,006
Cash and cash equivalents	19	(2,991,344)	(1,762,162)
Net cash		(2,945,608)	(1,548,156)
Equity		8,077,739	6,579,568
Gearing ratio		(0.36)	(0.24)

Financial risk management

Overview

The Company is exposed to the following risks from its use of financial instruments

- Credit risk
- Liquidity risk and
- Market risk(currency risk, interest rate risk and price risk)

Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks in co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the Company's financial performance.

Financial risk management is an integral part of the way the Company is managed. The Board of Directors establishes the Company's financial policies and the Managing Director establishes objectives in line with these policies.

The risk management activities are supervised by the Internal Audit Department of the parent company, Flour Mills of Nigeria Plc, and they provide an independent assurance of the risk framework. The Internal Audit assesses compliance with established controls and recommendations for improvement in processes are escalated to relevant management, Audit Committee and Board of Directors.

33.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with credit worthy counter party and credit limits are set, where appropriate as a means of mitigating the risk of financial loss from default. Credit exposure is controlled by counter party's limits that are reviewed and approved annually by Management.

The Company considers financial assets to be in default when:

- the debtor is not likely to pay its credit obligation to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or

- the financial assets is more than 365 days past due

Credit-impaired financial assets

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

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Company has a policy of writing off the gross carrying amount when the financial asset is 365 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

The Company considers fixed income securities to have low credit risk, and therefore no material loss allowance was recognised during the period. These investments are usually classified as risk free and are considered to be low credit risk where they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Trade and other receivables

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of counterparties to assess recoverability of amount due. See Note 16.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e. by 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. The Company does not hold collateral as security.

Cash and cash equivalents

The cash and cash equivalent are held with banks and financial institutions counterparties, which are rated by established rating agencies.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflect the short maturities of the exposure. The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Company continuously assesses the recoverability of these receivables. When the assessment reveals an indication of crystalization of a credit risk, the Company recognizes an impairment loss provision based on its assessment of the expected credit loss for these receivables.

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

	31-Mar-2024			31-Mar-2023		
	Gross carrying amount N'000	Credit loss allowance N'000	Amortised cost/ fair value N'000	Gross carrying amount N'000	Credit loss allowance N'000	Amortised cost/ fair value N'000
Trade receivables 16	379,652	(27,656)	351,996	538,963	(64,995)	473,968
Related party receivables 16	652,046	-	652,046	148,508	-	148,508
Employee receivables	29,139	(3,213)	25,926	36,204	(3,386)	32,818
Bank balances	2,991,289	-	2,991,289	1,762,114	-	1,762,114
Investment	61,435	-	61,435	49,853	-	49,853
	4,113,561	**(30,869)**	**4,082,692**	**2,535,642**	**(68,381)**	**2,467,261**

The amount of cash and cash equivalents and investments disclosed in the table above represents the Company's maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institution counterparties, which are reputable and have a sound financial position.

The company's investments in fixed income securities are carried at amortised cost and are considered to have low credit risk, and therefore no material loss allowance was recognised during the period. These investments usually have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

33.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company's short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cashflows, and by matching the maturity profiles of financial assets and liabilities.

Maturity analysis of financial liabilities

The maturity profile of contractual cash flows of non-derivative financial liabilities, are presented in the following table. The cash flows are undiscounted contractual amounts.

Notes to the financial statements for the year ended 31 March 2024

2024	Contractual cash flows					
	Carrying amount	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**
	N'000	N'000	N'000	N'000	N'000	N'000
Trade and other payables (excluding statutory deductions	6,719,961	6,719,961	-	6,719,961	-	-
Borrowings	45,736	59,532	30,197	29,335	-	-
Unclaimed dividend	39,172	39,172		39,172		
	6,804,869	6,818,665	30,197	6,788,468	-	-

2023	Contractual cash flows					
	Carrying amount	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**
	N'000	N'000	N'000	N'000	N'000	N'000
Trade and other payables (excluding statutory deductions	9,725,641	9,725,641	-	9,725,641	-	-
Borrowings	214,006	247,925	32,374	155,999	59,552	-
Unclaimed dividend	29,047	247,925		247,925		
	9,968,694	10,221,491	32,374	10,129,565	59,552	-

33.3 **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 such as interest rate, exchange rates and other prices.The Company negotiates long term credit facilities and obtains subsidised loans from the Government in order to reduce the risk associated with high cost of borrowing. The Company also takes advantage of the Central Bank of Nigeria intervention funds and grants from the Federal Government at below market rate in order to mitigate this risk.

The Company's activities expose it primarily to financial risks of changes in foreign currency exchange rates and interest rates. Market risks exposures are measured using sensitivity analysis. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

33.3.1 Foreign currency risk

The Company is exposed to foreign currency risk as a result of certain transactions and borrowings which are denominated in foreign currencies. Exchange rate exposures are managed within approved policy parameters utilising foreign forward exchange contracts where necessary.

The Company is mainly exposed to fluctuation in the exchange rate of the American Dollar (USD).

Effective NAFEX closing rate as at 31 March 2024 is N1,309.39/US Dollar (2023: N561/US Dollar). Average rate for the year is N935.20/US Dollar (2023: N631.34/US Dollar).

Foreign currency exposure at the end of the reporting period

The net carrying amounts, in Naira, of the exposure to the American Dollars. The amounts have been presented in Naira by converting the foreign currency amounts at the closing rate at the reporting date:

	31-Mar-24 USD	31-Mar-23 USD
Cash and cash equivalent	3,996	594

Foreign currency sensitivity analysis

The following table details the Company's sensitivity to a 10%, increase and decrease in the value of Naira against USD. Management believes that a 10% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analysis below include outstanding balances of USD denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 10% against the USD. For a 10% weakening of Naira against the USD there would be an equal and opposite impact on profit, and the balances below would be negative.

	31-Mar-2024	31-Mar-2024	31-Mar-2023	31-Mar-2023
Increase or decrease in rate	**Increase N'000**	**Decrease N'000**	**Increase N'000**	**Decrease N'000**
Impact on profit or loss:				
Naira changes by 10% (2023: 10 %)	523	(523)	33	(33)

33.3.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. The Company negotiates long term credit facilities and obtains subsidised loans from the Government in order to reduce the risk associated with high cost of borrowing and also takes advantage of the Central Bank of Nigeria intervention funds and grants from the Federal Government at below market rate in order to mitigate this risk.

Interest rate sensitivity analysis

The following sensitivity analysis has been prepared using a sensitivity rate which is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. All other variables remain constant. The sensitivity analysis includes only financial instruments exposed to interest rate risk which were recognised at the reporting date. No changes were made to the methods and assumptions used in the preparation of the sensitivity analysis compared to the previous reporting period.

If interest rates had been 100 basis points (i.e. 1%) higher/lower and all other variables were held constant, the Company's profit or loss will be affected as follows:

	31-Mar-2024	31-Mar-2024	31-Mar-2023	31-Mar-2023
Increase or decrease in rate	**Increase** N'000	**Decrease** N'000	**Increase** N'000	**Decrease** N'000
Impact on profit or loss:				
Borrowings	1,304	(1,304)	2,660	(2,660)

Notes to the financial statements for the year ended 31 March 2024

34. Fair value information

Accounting classification and fair values

The following table shows the carrying amount and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31-Mar-24

		Carrying amount			Fair value			
In thousands of Naira	Note	**Financial assets measured at amortised cost**	**Financial liabilities measured at amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortised cost								
Trade and other receivables	16	1,046,773		1,046,773	-	1,046,773	-	1,046,773
Short term investment	18	61,435		61,435	-	61,435	-	61,435
Cash and cash equivalents	19	2,991,344		2,991,344	-	2,991,344	-	2,991,344
		4,099,552		4,099,552	-	4,099,552	-	4,099,552
Financial liabilities not measured at fair value								
Unsecured loans	21	-	(45,736)	(45,736)	-	(45,736)	-	(45,736)
Trade and other payables (excluding statutory deductions)	25	-	(6,719,961)	(6,719,961)	-	(6,719,961)	-	(6,719,961)
		-	(6,765,697)	(6,765,697)	-	(6,765,697)	-	(6,765,697)

31-Mar-23

		Carrying amount			Fair value			
In thousands of Naira	Note	**Financial assets measured at amortised cost**	**Financial liabilities measured at amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at amortised cost								
Trade and other receivables	16	668,456	-	668,456	-	668,456	-	668,456
Short term investment	18	49,853	-	49,853	-	49,853	-	49,853
Cash and cash equivalents	19	1,762,162	-	1,762,162	-	1,762,162	-	1,762,162
		2,480,471	-	2,480,471	-	2,480,471	-	2,480,471

Notes to the financial statements for the year ended 31 March 2024

Financial liabilities not measured at fair value								
Unsecured loans	21	-	(214,006)	(214,006)	-	(215,999)	-	(215,999)
Trade and other payables (excluding statutory deductions)	25	-	(9,725,639)	(9,725,639)	-	-	-	-
		-	(9,939,645)	(9,939,645)	-	(215,999)	-	(215,999)

Fair value hierarchy

Level 1: Quoted unadjusted prices in active markets for identical assets or liabilities that the Company can access at measurement date.

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

The quoted market price used for financial assets held by the Company is the bid price at the reporting date. These instruments are included in level 1. There were no transfers between levels during the year.

Level 2: Inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly or indirectly.

The fair value of financial instruments that are not traded in an active market (loans and borrowings) is determined by using discounted cash flow valuation techniques. This valuation technique maximize the use of observable market data by using the market related interest rate for discounting the contractual cash flows. There are no significant unobservable inputs. There were no transfers between levels during the year. The basis of measurement has remained the same between current and prior years. The discount rate used to determine the fair value of loans is 21% (2023 :22%).

Financial instrument in Level 3

The fair value is based on unobservable inputs. The Company has no level 3 financial assets or financial liabilities as at the reporting period.

35. Contingencies

The Company has no contingent liability arising from pending or ongoing litigation at the year end.

36. Commitments

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

Notes to the financial statements for the year ended 31 March 2024

37. Events after the reporting period

There are no significant events after the reporting date which could have had a material effect on the financial position and the loss for the year ended on that date, which have not been adequately provided for or disclosed in the Company's financial statements.

38. Revaluation reserve

	31-Mar-24	31-Mar-23
	N'000	N'000
Opening balance	5,046,057	1,566,005
Revaluation surplus during the year	-	3,866,725
Deferred tax impact	-	(386,672)
	5,046,057	**5,046,057**

Management determined that the Land properties constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

Fair value of the properties was determined using the market comparable method. There was gain from revaluation of the land in the current year amount to nil (2023: N3.9billion)

The revaluation surplus is not available for distribution to the shareholders. It is the management policy to carry out revaluation of land every three (3) years.

Other national disclosures

Value Added Statement

	31 Mar 2024 ₦'000		31 Mar 2023 ₦'000	
Revenue	25,951,365		16,161,840	
Finance income	7,580		4,109	
Other operating income	45,552		184,527	
Bought in materials and services:				
- Local	(22,449,148)		(14,872,850)	
Total Value Added	**3,555,349**	**100%**	**1,477,626**	**100%**
Value Distributed				
To Pay Employees:				
Salaries, wages, medical and other benefits	859,805		565,679	
	859,805	**24%**	**565,679**	**38%**
To Pay Providers of Capital:				
Dividend declared	62,370		44,550	
Finance costs	24,115		27,683	
	86,485	**2%**	**72,233**	**5%**
To Pay Government:				
Income tax	598,089		97,865	
Education tax	80,550		5,293	
Police Trust Fund	115		27	
	678,754	**19%**	**103,185**	**7%**
To be retained in the business for expansion and future wealth creation:				
Depreciation of property, plant and equipm	302,400		295,550	
Deferred Tax	102,010		168,158	
	404,410	**10%**	**463,708**	**31%**
Value retained				
Retained profit	1,525,895		272,821	
	1,525,895	**43%**	**272,821**	**18%**
Total Value Distributed	**3,555,349**	**100%**	**1,477,626**	**100%**

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

Five Year Financial Summary

Statement of financial position

	31-Mar-24	31-Mar-23	31-Mar-22	31-Mar-21	31-Mar-20
Assets	**₦'000**	**₦'000**		**₦'000**	**₦'000**
Non-current assets	7,463,497	7,568,483	3,858,158	3,578,469	3,739,861
Current assets	10,460,949	10,259,350	9,456,970	3,786,801	4,752,125
Total assets	**17,924,446**	**17,827,833**	**13,315,128**	**7,365,270**	**8,491,986**
Liabilities					
Non-current liabilities	1,080,056	1,052,280	669,273	743,726	939,787
Current liabilities	8,766,651	10,195,985	9,791,386	3,833,773	4,783,206
Total liabilities	9,846,707	11,248,265	10,460,659	4,577,499	5,722,993
Equity					
Share capital	89,100	89,100	89,100	89,100	89,100
Share premium	89,521	89,521	89,521	89,521	89,521
Revaluation reserve	5,046,057	5,046,057	1,566,005	1,566,005	1,566,005
Retained earnings	2,853,061	1,354,890	1,109,843	1,043,145	1,024,367
Total equity	8,077,739	6,579,568	2,854,469	2,787,771	2,768,993
Total equity and liabilities	**17,924,446**	**17,827,833**	**13,315,128**	**7,365,270**	**8,491,986**

Statement of profit or loss and other comprehensive income

	31-Mar-24	31-Mar-23	31-Mar-22	31-Mar-21	31-Mar-20
Revenue	25,951,365	16,161,840	15,232,820	8,667,751	8,841,135
Profit before minimum tax	**2,306,659**	**544,164**	**261,213**	**156,015**	**120,675**
Minimum tax	-	(82,103)	(76,686)	(21,669)	-
Profit before taxation	**2,306,659**	**462,061**	**184,527**	**134,346**	**120,675**
Taxation	(780,764)	(189,240)	(103,859)	(64,427)	(56,040)
Profit for the year	**1,525,895**	**272,821**	**80,668**	**69,919**	**64,635**
Total comprehensive income	**1,560,540**	**3,765,899**	**93,424**	**45,505**	**1,618,281**

Per share data

	31-Mar-24	31-Mar-23	31-Mar-22	31-Mar-21	31-Mar-20
Earnings per share (Basic) (kobo)	856	153	45	39	36
Net assets per share (kobo)	4,533	3,692	1,602	1,564	1,554