



McNICHOLS CONSOLIDATED PLC
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER, 2021

Prepared by:

GBENGA BADEJO & CO
(CHARTERED ACCOUNTANTS)

McNICHOLS CONSOLIDATED PLC

Financial Statements

For the year ended 31st December, 2021

Contents	Page(s)
Board of Directors, Officers and Other Corporate Information	1
Results at a Glance	2
Report of the Independent Auditors to the Members	3 - 7
Report of the Audit Committee	8
Statement of Profit or Loss and Comprehensive Income	9
Statement of Financial Position	10 - 11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14 - 43
Other National Disclosures	44 - 45

McNICHOLS CONSOLIDATED PLC

Board of Directors, Officers and Other Corporate Information

BOARD OF DIRECTORS:

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

COMPANY SECRETARIES

S.E. Nomuoja & Co.
(Chartered Secretaries & Administrators)
12B, Fagba Crescent, Off Acme Road
Agidingbi, Ikeja
Lagos.

REGISTERED OFFICE

No. 7-9, Jeminat Laalu Street
Arepo, Near Journalist Estate
KM 32, Lagos-Ibadan Expressway
Ogun State.

REGISTRARS

Coronation Registrars Limited
9, Amodu Ojikutu Street
Victoria Island
Lagos.

INDEPENDENT AUDITORS

Gbenga Badejo & Co.
(Chartered Accountants)
Plot 8A, Ajumobi Olorunjoje Street
Off Acme Road
Ikeja
Lagos.

BANKERS

Access Bank Plc
Fidelity Bank Plc
United Bank for Africa Plc
Wema Bank Plc
Zenith Bank Plc

REGISTRATION NUMBER

RC: 509201

McNICHOLS CONSOLIDATED PLC

Results at a Glance For the year ended 31st December, 2021

	2021 ₦	2020 ₦
Turnover	<u>773,553,618</u>	<u>732,091,283</u>
Operating profit	19,914,651	26,384,864
Profit before tax	17,578,822	19,870,338
Taxation	3,282,417	2,088,764
Deferred taxation	(52,136)	^{**} (1,648,656)
Profit for the year	<u>14,244,269</u>	<u>16,132,919</u>
Capital employed	359,155,370	353,732,001
Capital expenditure	23,149,090	58,027,793
Depreciation and impairment of property, plant and equipment	49,761,401	44,515,154
Cash and cash equivalents	130,215,900	110,254,707
Earnings per share (Kobo)	4.37	4.95
Net Assets per share (Naira)	1.10	1.08
Nigerian Exchange Limited share price at 31 December (Naira)	0.77	0.51
Ratio % Revenue		
Operating costs	96.39%	96.96%
Operating profit	3.61%	3.04%
Profit after tax	1.84%	3.15%

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

Opinion

We have audited the financial statements of McNichols Consolidated Plc, which comprise, the statement of profit or loss and comprehensive income, the statement of financial position as at 31st December, 2021, the statement of cash flows for the year ended, the significant accounting policies and other explanatory notes. These financial statements are set out on pages 9 to 45 and have been prepared using the notes to the financial statements set out on pages 14 to 43.

In our opinion, the financial statements give a true and fair view of the financial position of McNichols Consolidated Plc as at 31st December, 2021 and of the company's financial performance and cash flows for the year ended on that date, and comply with the relevant sections of the Companies and Allied Matters Act CAP C20 LFN 2020 and the applicable International Financial Reporting Standards as adopted by the Financial Reporting Council of Nigeria.

Basis of our opinion

An audit involves performing procedures so as to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making the assessments, the auditor considers the internal controls that are relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the information contained within the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

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

Key Audit Matters (continued)

Key Audit Matters	How the Matter was addressed in the audit
Investment in Interlinked Technologies Plc:	
On the above, we observed that the company has changed its name to Eunisel Interlinked Plc. This is in line with the approval obtained from the Company's shareholders at its Annual General Meeting held on 10th December, 2020 and the Company's receipt of a new certificate of incorporation from the Corporate Affairs Commission.	The impairment on this investment was reviewed by the company as at 31st December, 2021.
Disclosure of the Investment.	We assessed the adequacy of the cumulative impairment disclosed regarding this investment in the financial statements to determine they were in accordance with IFRS.
Plant, Property and Equipment:	
Plant, Property and Equipments were subject to impairment checks and there were no impairment of Plant, Property and Equipments during the year,	There were no compensation from third parties for items of property, plant, and equipment that were impaired, lost or given up that is included in profit or loss.
Disclosure of the Impairment loss	We assessed the adequacy of the recoverable amount of each components of PPE and conducted impairment test on each of the items in the financial statements to determine they were in accordance with IFRS. At the end of each reporting year, we assessed whether there was any indication that an asset may be impaired based on the list of external and internal indicators of impairment according to IAS 36 and we confirmed that there were no indications for impairment, then they were reported on fair value IAS 36.9. (i.e. its carrying amount is equal to its recoverable amount).

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

Other Information

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

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

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

If, based on the work we have performed on the other information obtained prior to the date of this Auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this report.

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' responsibility

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

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

Auditors' responsibility - (continued)

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

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risks of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.

• Evaluate the overall presentations, 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.

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

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

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

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

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

Report on other legal and regulatory requirements

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

We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

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

the Company's statement of financial position and statement of profit or loss and other comprehensive income are in agreement with the books of account.

Lagos, Nigeria
25th March, 2022


Adebenga Badejo
Engagement Partner
FRC/2013/ICAN/000000912
For: Gbenga Badejo & Co;
Chartered Accountants



**REPORT OF THE AUDIT COMMITTEE
TO THE MEMBERS OF McNICHOLS CONSOLIDATED PLC**

In compliance with section 359 sub-section 6 of the Companies and Allied Matters Act (CAP C20), Laws of the Federation of Nigeria, 2020, we have reviewed the audited Financial Statements of the company for the year ended 31st December 2021 and report as follows:

1. The accounting and reporting of the Company are consistent with legal requirements and ethical practices.
2. The internal audit programmes are extensive and provide a satisfactory evaluation of the efficiency of the internal control systems.
3. We have considered the independent auditors post audit report in respect of year ended 31st December, 2021 and management responses thereon, and are satisfied thereto.

Members of the Audit Committee are:

1. Godslove Okorie
2. Emmanuel Dada
3. Venerable Onyebuchi Agubesi
4. Ozurumba Afigbo
5. Nneka Briggs

Shareholders' Representative
Shareholders' Representative
Non-Executive Director
Independent Non-Executive Director
Non-Executive Director

Dated this 25th March, 2022

Godslove Okorie
FRC/2013/ICAN/0000001869

Ozurumba Afigbo
FRC/2017/ICAN/00000016421

McNICHOLS CONSOLIDATED PLC

**Statement of Profit or Loss and Comprehensive Income
For the year ended 31st December, 2021**

	Notes	2021 ₦	2020 ₦
Turnover	7	773,559,018	732,091,283
Cost of Sales	11b	(661,343,273)	(607,238,875)
Distribution, Marketing and Other Expenses	11b	(52,706,750)	(57,986,022)
Administrative Expenses	11b	(42,653,962)	(43,199,531)
Other Income	8	3,059,617	2,718,008
Operating Profit		19,914,651	26,384,864
Financial Income	10	11,153,835	3,860,641
Financial Cost	10	(13,489,663)	(10,375,166)
Profit Before Tax		17,578,822	19,870,338
Income Tax Expense	13	(3,282,417)	(2,088,764)
Profit After Tax		14,296,405	17,781,575
Deferred Tax	14	(52,136)	(1,648,656)
Total Comprehensive Income for the year		14,244,269	16,132,919
Profit for the year attributable to owners of the company		14,244,269	16,132,919
Earnings per share for profit attributable to owners of the parent:			
Basic (Kobo)	17	4.37	4.95

The notes on pages 14 to 43 form an integral part of these financial statements.

McNICHOLS CONSOLIDATED PLC

**STATEMENT OF FINANCIAL POSITION
AS AT 31ST DECEMBER, 2021**

	Notes	2021 ₹	2020 ₹
Non-Current Assets			
Property, Plant and Equipment	15	323,929,624	350,541,935
Investments	25	<u>5,820,000</u>	<u>5,820,000</u>
Total Non-Current Assets		<u>329,749,624</u>	<u>356,361,935</u>
Current Assets			
Inventories	18	129,973,012	148,688,051
Trade and Other Receivables	16	102,574,618	96,654,673
Cash and Cash Equivalents	19	52,951,878	3,203,185
Restricted Cash	19	<u>77,264,022</u>	<u>107,051,522</u>
Total Current Assets		<u>362,763,530</u>	<u>355,597,431</u>
Total Assets		<u>692,513,155</u>	<u>711,959,366</u>
Liabilities			
Current Liabilities			
Trade and Other Payables	23	72,317,373	73,853,018
Loans and Borrowings	21	41,250,000	17,187,500
Current Tax Liabilities	13	<u>3,282,417</u>	<u>7,945,458</u>
Total Current Liabilities		<u>116,849,790</u>	<u>98,985,975</u>
Non-Current Liabilities			
Loans and Borrowings	21	106,562,500	147,812,500
Provisions	24	89,000,000	90,535,530
Deferred Tax Liabilities	14	<u>20,945,495</u>	<u>20,893,359</u>
Total Non-Current Liabilities		<u>216,507,995</u>	<u>259,241,389</u>
Equity			
Ordinary Share Capital	20	163,350,000	163,350,000
Share Premium	20	16,913,313	16,913,313
Retained Earnings	20	<u>178,892,057</u>	<u>173,468,688</u>
Total Equity		<u>359,155,370</u>	<u>353,732,001</u>
Total Equity and Liabilities		<u>692,513,155</u>	<u>711,959,366</u>

McNICHOLS CONSOLIDATED PLC

Statement of Financial Position (Continued)
As at 31st December, 2021

These financial statements were approved by the Board of Directors on 25th March, 2022 and signed on its behalf by:



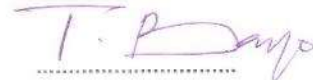
.....
Olusegun Layode
Chairman

FRC/2016/ICAN/00000015366



.....
Chimaraoke Ekpe
Managing Director

FRC/2016/NIM/00000014307



.....
Adebayo Temitope Abefe
Finance Manager

FRC/2021/001/00000022401

The notes on pages 14 to 43 form an integral part of these financial statements.

McNICHOLS CONSOLIDATED PLC

**Statement of Changes in Equity
For the year ended 31st December, 2021**

	Share Capital £	Share Premium £	Retained Earnings £	Total Equity £
Balance at 1st January 2020	163,350,000	21,380,007	166,156,669	350,886,676
Total Comprehensive Income for the year	-	-	16,132,919	16,132,919
Transactions with the owners				
Dividend declared	-	-	(8,820,900)	(8,820,900)
Share increase/public offer expenses	-	(4,466,694)	-	(4,466,694)
At 31st December, 2020	<u>163,350,000</u>	<u>16,913,313</u>	<u>173,468,688</u>	<u>353,732,001</u>
Balance at 1st January, 2021 as previously reported	163,350,000	16,913,313	173,468,688	353,732,000
Adjustment	-	-	-	-
Adjusted balance on 1st January, 2021	163,350,000	16,913,313	173,468,688	353,732,000
Total Comprehensive Income for the year	-	-	14,244,269	14,244,269
Transactions with the owners				
Dividend declared	-	-	(8,820,900)	(8,820,900)
Share increase/public offer expenses	-	-	-	-
At 31st December, 2021	<u>163,350,000</u>	<u>16,913,313</u>	<u>178,892,057</u>	<u>359,155,370</u>

The notes on pages 14 to 43 form an integral part of these financial statements.

McNICHOLS CONSOLIDATED PLC**Statement of Cash Flows
For the year ended 31st December, 2021**

	2021	2020
	N	N
Cash flows from operating activities		
Cash generated from operations	17,578,822	19,870,338
Income tax expense	<u>(3,282,417)</u>	<u>(2,088,764)</u>
Net Income	14,296,405	17,781,575
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		**
Depreciation and amortisation	49,761,401	44,588,866
Changes in Current Assets/Liabilities:		
Decrease in inventories	18,715,039	(99,004,139)
Increase in account receivables	(11,782,253)	(3,811,107)
Decrease in prepaid expenses	5,862,307	1,107,552
Increase in account payables	<u>17,863,812</u>	<u>(24,494,985)</u>
Net Cash Provided by Operating Activities	<u>94,716,712</u>	<u>(63,832,238)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,149,090)	(58,027,793)
Biological Assets	<u>-</u>	<u>4,160,050</u>
Net cash used in investing activities	<u>(23,149,090)</u>	<u>(53,867,742)</u>
Cash flows from financing activities		
Loans and borrowing	(41,250,000)	(5,637,500)
Provisions	(1,535,530)	10,535,530
Dividend Paid	<u>(8,820,900)</u>	<u>(8,820,900)</u>
Net cash flow generated from financing activities	<u>(51,606,430)</u>	<u>(3,922,870)</u>
Net increase in cash and cash equivalents	19,961,193	(121,622,851)
Cash and cash equivalents at the beginning of the year	<u>110,254,707</u>	<u>231,877,557</u>
Cash and cash equivalents at the end of the year	<u>130,215,900</u>	<u>110,254,707</u>

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements For the year ended 31st December, 2021

1 Reporting entity

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

2 Basis of preparation

(a) Statement of compliance

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

Items	Measurement basis
Inventories	Lower of cost and net realisable value

(b) Functional and presentation currency

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

(c) Going concern

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

3 Significant Accounting Policies

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

Financial instruments	15
Property, plant and equipment	18
Biological assets	19
Investments	19
Inventories	19
Impairment of Non-financial assets	20
Employee benefits	20
Provisions	21
Contingent liabilities	21
Statement of cash flows	21
Revenue	21
Advance payment to suppliers	22

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

Finance income and finance costs	23
Income tax	23
Earnings per share	23
Segment reporting	23
Dividends	23
Related parties	23

(A) Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, financial instruments are initially measured at their fair value, except in the case of financial assets and financial liabilities recorded at FVPL, transaction costs are added to, or subtracted from, this amount. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

(i) Financial assets

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

Impairment of financial assets

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

(i) Significant increase in credit risk

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

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

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

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

(ii) Definition of default

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

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company). Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 60 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit - impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event (see (ii) above);
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write off policy

The Company writes off a financial asset when there is sufficient information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when all economic attempts to recover the outstanding amount have failed or when the period within which the debt can be legally enforced has expired or unable to locate debtor or debtor passed away leaving no asset, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(v) Measurement and recognition of expected credit losses

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

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

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

Derecognition of financial assets

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

(II) **Financial liabilities**

Initial recognition and measurement

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

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

The Company's financial liabilities include trade and other payables, loans and borrowings.

Subsequent measurement

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

- (i) contingent consideration of an acquirer in a business combination,
- (ii) held-for-trading, or
- (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

Loans and borrowings

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

(III) Share capital

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

(B) Property, plant and equipment

I. Recognition and measurement

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

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

II. Subsequent costs

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

III. Depreciation

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

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

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

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

(C) Biological assets

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

(D) Investment

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

(E) Inventories

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

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)

For the year ended 31st December, 2021

(E) Inventories - (Continued)

- (ii) Products in process and manufactured finished goods—Weighted average cost of direct material and labour plus a reasonable proportion of manufacturing overhead based on normal levels of activity.
- (iii) Engineering spares—Purchase cost on a weighted average cost basis including transportation and clearing cost.
- (iv) Goods in transit—Purchase cost incurred to date.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of conversion and selling expenses.

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

(F) Impairment of Non-financial assets

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

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit (CGU). For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the —cash-generating unit, or CGU).

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

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

(G) Employee benefits

• Defined contribution plans

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

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

(G) Employee benefits - (Continued)

• Pension fund scheme

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

(H) Provisions

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

(I) Contingent liabilities

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

(J) Statement of cash flows

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

(K) Revenue

Revenue from contracts with customers IFRS 15

• Sale of goods

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

• Variable consideration

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)

For the year ended 31st December, 2021

- **Rights of return**

Certain contracts provide a customer with a right to return the goods within a specified period. The Company uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Company will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Company recognises a refund liability.

- **Trade incentives**

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

- **Significant financing component**

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

- **Trade receivables**

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

- **Contract Asset**

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

- **Contract liabilities**

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

Assets and liabilities arising from rights of return

- **Right of return assets**

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

The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

* Refund liabilities

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

(L) Advance payment to suppliers

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

(M) Finance income and finance costs

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

(N) Income tax

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

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates statutorily enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been statutorily enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(O) Earnings per share

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

(P) Segment reporting

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

(Q) Dividends

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

(R) Related parties

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

IFRS 16 Leases

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

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

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

IFRS 17 Insurance contracts

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

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

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

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

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

IFRIC 23 Uncertainty over income tax treatments

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

- determine whether uncertain tax positions are assessed separately or as a group; and
- assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings:
 - If yes, the entity should determine its accounting tax position consistently with the tax treatment used or planned to be used in its income tax filings.
 - If no, the entity should reflect the effect of uncertainty in determining its accounting tax position. The interpretation is effective for annual periods beginning on or after 1 January 2019. Entities can apply the interpretation with either full retrospective application or modified retrospective application without restatement of comparatives retrospectively or prospectively. The directors of the Company have assessed the impact of this amendment for the period under review and no impact was observed on the Company's financial statements.

Amendments to IFRS 9: Prepayment features with negative compensation

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

Amendments to IAS 19: Plan amendment, curtailment or settlement

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

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

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

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

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

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

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

4 Significant accounting judgements, estimates and assumptions

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

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

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

4.1 Critical accounting judgements

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

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

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

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

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

- Determining the timing of satisfaction of sales of goods.

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

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

Key Sources Of Estimation Uncertainty

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

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

Impairment testing

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

Impairment testing - (Continued)

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

Provision for expected credit losses (ECL) of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information.

For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

Estimating variable consideration for returns

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

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

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

Measurement of the expected credit loss allowance for financial asset

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

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

Provision for legal matters

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2021

5 Operating segments

(a) Basis of segmentation

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

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

Information regarding the results of each reportable segment is included in Note 6b

	Food		Beverages		Others		Total	
	2021 N	2020 N	2021 N	2020 N	2021 N	2020 N	2021 N	2020 N
Revenue	312,479,090	280,381,088	461,079,930	451,710,194	-	-	773,559,019	732,091,283
Other income	-	-	-	-	3,059,617	2,718,008	3,059,617	2,718,008
Interest income	-	-	-	-	11,153,835	3,860,641	11,153,835	3,860,641
Interest expense	-	-	-	-	(13,489,663)	(10,375,166)	(13,489,663)	(10,375,166)
Depreciation	19,811,147	16,592,708	29,950,254	26,731,815	-	-	49,761,401	43,324,522
Impairment	-	394,257	-	273,975	-	-	-	668,232
Reporting	10,371,505	11,723,500	7,207,317	8,146,839	-	-	17,578,822	19,870,338

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

Profit or loss	2021 N	2020 N
Total profit or loss for reportable segments	17,578,822	19,870,338
Other corporate expenses and income	-	-
Profit before income tax	<u>17,578,822</u>	<u>19,870,338</u>

6 Geographical information

	2021 N	2020 N
	Revenue	Revenue
South West	366,458,442	208,292,872
South East	201,801,837	221,822,468
South South	125,880,610	162,506,161
North Central	55,675,408	114,767,722
North West	23,737,321	24,702,059
North East	-	-
Total revenue from contracts with customers	<u>773,553,618</u>	<u>732,091,283</u>

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

7 Turnover

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

	2021	2020
	₦	₦
Nigeria	773,559,018	732,091,283
Export	<u>-</u>	<u>-</u>
	<u>773,559,018</u>	<u>732,091,283</u>

All the company's revenue was made within Nigeria.

7.1 Disaggregated revenue information

For the year ended 31 December 2021

	Food Products	Beverages	Total
	₦	₦	₦
Goods transferred at a point in time:			
Total revenue	<u>312,479,089</u>	<u>461,079,930</u>	<u>773,559,018</u>

Disaggregation of revenue—quantitative disclosure

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

7.2 Performance obligations

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

Sale of goods

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2021

8	Other Income		2021	2020
			₦	₦
	Sales of waste products, waste packaging materials and scraps		<u>3,059,617</u>	<u>2,718,008</u>
9	Right of return			
	In line with adoption of IFRS 15, a refund liability of ₦600,000 (2020: ₦600,000) has been recognised for the right to recover returned goods asset of ₦490,000 (2020: ₦490,000). Management has made an estimate based on historical trend of likely sales returns by customers subsequent to year end. The amount of revenue recognised is adjusted for expected returns. A refund liability (Note 23ii) and the right to recover returned goods asset have been recognised (Note 18).			
10	Net finance cost			
	Finance income		<u>11,153,835</u>	<u>3,860,641</u>
	Finance cost		<u>(13,489,663)</u>	<u>(10,375,166)</u>
	Net finance cost		<u>(2,335,828)</u>	<u>(6,514,525)</u>
11	Profit before income tax			
(a)	Profit before income tax is stated after charging:			
		Notes	2021	2020
			₦	₦
	Depreciation	15	49,761,401	43,324,522
	Impairments	11 (c)	-	1,190,632
	Auditors' remuneration		750,000	700,000
	Directors' remuneration	12 (c)	2,320,000	2,220,000
	Personnel expenses	12 (a)	33,413,697	30,825,510
	Interest on loans and bank charges	10	13,489,663	10,375,166

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2021

(b) **Expenses by nature**

	Notes	2021 N	2020 N
Depreciation	15	49,761,401	43,324,522
Impairments	11 (c)	-	1,190,632
Auditor's remuneration		750,000	700,000
Personnel expenses	12 (a)	33,413,697	30,825,510
General licence, fees/levies		2,477,360	2,143,387
Raw materials and consumables		585,808,520	535,064,894
Distribution expenses		48,653,431	53,382,343
Advertising & sales promotion		4,053,319	4,603,679
Factory overheads		15,223,077	18,350,390
Communication, printing, stationary & postages		2,786,038	3,294,818
Repairs & maintenance		3,987,315	4,270,868
Insurance		843,521	915,000
Transport, travels & entertainment		6,112,323	6,397,786
Rent		1,609,992	2,610,000
Other expenses		1,223,991	1,350,599
		<u>756,703,985</u>	<u>708,424,428</u>

	2021 N	2020 N
Summarised as follows:		
Cost of Sales	661,343,273	607,238,875
Marketing and distribution expenses	52,706,750	57,986,022
Administrative expenses	42,653,962	43,199,531
	<u>756,703,985</u>	<u>708,424,428</u>

(c) **Impairment loss**

Investments	-	522,400
PPE	-	668,232
	<u>-</u>	<u>1,190,632</u>

12 Personnel expenses

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

	2021 N	2020 N
Salaries, wages and allowances	29,280,718	28,609,254
Contribution to pension	1,787,989	1,656,376
Medical	2,344,990	559,880
	<u>33,413,697</u>	<u>30,825,510</u>

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2021

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

			2021 Number	2020 Number	
	£	£			
	200,000	-	300,000	36	33
	300,001	-	400,000	5	3
	400,001	-	500,000	1	4
	500,001	-	600,000	4	7
	600,001	-	700,000	20	13
	700,001	-	800,000	3	6
	800,001	-	900,000	2	5
	900,001	-	1,000,000	1	0
			<u>72</u>	<u>71</u>	

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

	2021 Number	2020 Number
Production	46	48
Sales and distribution	19	15
Administration	7	8
	<u>72</u>	<u>71</u>

(c) **Directors remuneration**

Remuneration paid to directors of the Company was as follows:

	2021 £	2020 £
Directors' emoluments:		
Non executive directors	500,000	400,000
Executive director	<u>1,820,000</u>	<u>1,820,000</u>
	<u>2,320,000</u>	<u>2,220,000</u>

The directors' remuneration shown above includes:

	2021 £	2020 £
Chairman	100,000	100,000
Highest paid director	1,820,000	1,820,000

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2021

Other directors receive emoluments in the range below:

		2021 Number	2020 Number
	£		
	100,000	5	3
		<u>5</u>	<u>3</u>

13 Current Tax Liabilities

Income Tax Expense

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

	2021 £	2020 £
Current tax expense		
Current period income tax	1,933,898	1,830,228
Current period tertiary education tax	1,347,804	257,542
Current period police trust fund	715	994
	<u>3,282,417</u>	<u>2,088,764</u>
Deferred tax credit	52,136	1,648,656
Total income tax expense	<u>3,334,553</u>	<u>3,737,420</u>

Current tax liabilities

	2021 £	2020 £
Movement in current tax liabilities account during the year was as follows:		
At 1 January	7,945,458	7,613,917
Charge for the year	3,282,417	2,088,764
Payments/Adjustments in the year	<u>(7,945,458)</u>	<u>(1,757,223)</u>
At 31 December	<u>3,282,417</u>	<u>7,945,458</u>

14 Deferred Tax

(i) Per Income Statement

Carrying Amount	200,278,038	213,114,455
Tax Written Down Value	<u>153,053,710</u>	<u>166,063,915</u>
Timing Difference	47,224,327	47,050,540
Deferred tax liability at 30%	14,167,298	14,115,162
Deferred tax b/fwd	<u>14,115,162</u>	<u>12,466,506</u>
Deferred tax debit/(credit)	52,136	1,648,656

(ii) Per Financial Position

Balance as at 1 January 2021	20,893,359	19,244,703
Deferred tax debit/(credit)	<u>52,136</u>	<u>1,648,656</u>
Balance as at 31 December 2021	<u>20,945,495</u>	<u>20,893,359</u>

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2021

15 Property, Plant & Equipment

	Land	Leasehold Building & Development	Freehold Building	Plant and Machinery	Office Equipment	Office Furnitures and Fittings	Motor Vehicle	Total
	£	£	£	£	£	£	£	£
At 1st January, 2020	123,651,586	30,693,635	167,348,353	235,839,721	17,835,273	30,359,999	68,097,561	663,826,128
Additions	-	-	7,411,891	42,825,041	3,292,661	2,444,000	2,054,200	58,027,793
At 31st December, 2020	123,651,586	30,693,635	184,760,244	278,664,762	21,127,934	32,803,999	70,151,761	721,853,921
At 1st January, 2021	123,651,586	30,693,635	164,760,244	278,664,762	21,127,934	32,803,999	70,151,761	721,853,921
Additions	-	-	4,661,200	13,119,500	1,054,000	2,792,390	1,502,000	23,149,090
At 31st December, 2021	123,651,586	30,693,635	169,441,444	291,784,261	22,181,934	35,596,389	71,653,761	745,003,010
Cost								
At 1st January, 2021	123,651,586	30,693,635	164,760,244	278,664,762	21,127,934	32,803,999	70,151,761	721,853,921
Additions	-	-	4,661,200	13,119,500	1,054,000	2,792,390	1,502,000	23,149,090
At 31st December, 2021	123,651,586	30,693,635	169,441,444	291,784,261	22,181,934	35,596,389	71,653,761	745,003,010
Accumulated depreciation and impairment losses:								
At 1st January, 2020	-	14,935,118	25,310,091	194,269,992	12,614,274	15,092,196	65,097,561	327,319,231
Charge for the year	-	1,982,623	7,943,553	22,284,816	3,505,045	6,961,824	646,661	43,324,522
Impairment	-	-	-	668,232	-	-	-	668,232
At 31st December, 2020	-	16,917,741	33,253,644	217,223,039	16,119,319	22,054,020	65,744,222	371,314,985
Accumulated depreciation and impairment losses:								
At 1st January, 2021	-	16,917,741	33,253,644	217,223,039	16,119,319	22,054,020	65,744,222	371,314,985
Charge for the year	-	1,982,623	8,495,313	26,793,620	2,696,243	7,288,039	2,505,564	48,761,401
At 31st December, 2021	-	18,900,363	41,748,956	244,016,659	18,815,563	29,342,059	68,249,786	421,073,386
Carrying Amount								
At 31st December, 2020	123,651,586	13,775,894	131,506,600	61,441,722	5,008,615	10,749,980	4,407,539	350,541,935
At 31st December, 2021	123,651,586	11,793,272	127,692,487	47,767,602	3,366,371	6,254,330	3,403,975	323,929,624

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2021

Impairment test

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

Security

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

16	Trade & Other Receivables	Note	2021 ₦	2020 ₦
	Trade Receivables		86,732,541	76,053,101
	Staff Loans	16 (b)	4,676,763	5,103,828
	Allowance for expected credit losses		-	(1,529,877)
	Prepayments		<u>11,165,314</u>	<u>17,027,621</u>
			<u>102,574,618</u>	<u>96,654,673</u>

Prepayments include prepaid loan charges of ₦7,798,486 (2020: ₦11,570,759)

16(b)	Staff loans	Key management staff	935,353	1,020,766
		Other staff	<u>3,741,410</u>	<u>4,083,062</u>
			<u>4,676,763</u>	<u>5,103,828</u>

The staff loan is on short term basis.

17 Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is based on profit attributable to the owners of the Company for the year of ₦14,244,269 (2020: ₦16,132,919), on 326,700,000 (2020: 326,700,000) ordinary shares of 50 kobo each, in issue outstanding at reporting date.

	₦	₦
Earnings from continuing operations for the purpose of basic earnings per share	<u>14,244,269</u>	<u>16,132,919</u>
	Number	Number
Number of ordinary shares as at 31 December	<u>326,700,000</u>	<u>326,700,000</u>
Basic earnings per share (kobo)	<u>4.37</u>	<u>4.95</u>

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

17 Earnings Per Share - (Continued)

(b) Diluted earnings per share

Diluted earnings per share is based on profit attributable to the owners of the Company for the year of ₦14,244,269 (2020: ₦16,132,919), on 326,700,000 (2020: 326,700,000) ordinary shares of 50 kobo each, in issue outstanding at reporting date.

	2021 ₦	2020 ₦
Earnings from continuing operations for the purpose of diluted earnings per share	<u>14,244,269</u>	<u>16,132,919</u>
	Number	Number
Number of ordinary shares as at 31 December	<u>326,700,000</u>	<u>326,700,000</u>
Diluted earnings per share (kobo)	<u>4.37</u>	<u>4.95</u>

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

18 Inventories

Raw & Packaging Materials	129,191,812	145,938,671
Food Market Stock	291,200	2,259,380
Right to recover returned goods	490,000	490,000
Less: Provision for slow moving stock	-	-
	<u>129,973,012</u>	<u>148,688,051</u>

The value of inventories consumed during the year and recognised in cost of sales amounted to ₦562.6 million (2020: ₦535.1 million).

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2021

19 Cash and Cash Equivalents	2021 ₦	2020 ₦
Cash on hand	7,133	27,084
Cash at bank	<u>52,944,745</u>	<u>3,176,101</u>
	52,951,878	3,203,185
Restricted cash	<u>77,264,022</u>	<u>107,051,522</u>
	<u><u>130,215,900</u></u>	<u><u>110,254,707</u></u>

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

20 Capital, Reserves and Share Premium

(a) Ordinary Share	2021 ₦	2020 ₦
Issued and fully paid ordinary shares of 50k each At 31st December (in number of shares)	<u>326,700,000</u>	<u>326,700,000</u>
At 31st December (in Naira)	<u>163,350,000</u>	<u>163,350,000</u>

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

(b) Share Premium	2021 ₦	2020 ₦
The premium on the 326,700,000 ordinary shares of 50 kobo each is as follows:		
At 1 January	16,913,313	21,380,007
Share capital increase & Public offer costs	<u>-</u>	<u>(4,466,694)</u>
As at 31 December	<u>16,913,313</u>	<u>16,913,313</u>

(c) Retained Earnings	2021 ₦	2020 ₦
Revenue Reserves:		
Balance At 1st January	173,468,688	166,156,669
Profit retained for the year	<u>14,244,269</u>	<u>16,132,919</u>
	187,712,957	182,289,588
Dividend	<u>(8,820,900)</u>	<u>(8,820,900)</u>
Balance At 31st December	<u><u>178,892,057</u></u>	<u><u>173,468,688</u></u>

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2021

21 Loans and borrowings

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

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

	2021	2020
	€	€
Secured bank loan (Note 21b)	<u>147,812,500</u>	<u>165,000,000</u>

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

	2021	2020
	€	€
Current liabilities	41,250,000	17,187,500
Non-current liabilities*	<u>106,562,500</u>	<u>147,812,500</u>
	<u>147,812,500</u>	<u>165,000,000</u>

(i) **Secured bank loan**

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

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

	2021	2020
	€	€
At 1st January	165,000,000	212,850,000
Addition	-	165,000,000
Repayment	<u>(17,187,500)</u>	<u>(212,850,000)</u>
Net cash (outflow)/inflow	<u>(17,187,500)</u>	<u>(47,850,000)</u>
At 31st December	<u>147,812,500</u>	<u>165,000,000</u>

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)
For the year ended 31st December, 2021

22 Pension payable

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

	2021	2020
	€	€
Balance at 1st January	13,404,989	13,654,138
Charged for the year	1,387,990	1,531,376
Payments during the year	<u>(1,235,020)</u>	<u>(1,780,525)</u>
Balance at 31st December	<u>13,557,959</u>	<u>13,404,989</u>

Pension payable is included in other payables and accruals in Note 23.

23 (i) Trade and other payables

	2021	2020
	€	€
Trade payables	25,909,525	44,800,906
Other payables & accruals	23ii <u>46,407,847</u>	<u>29,052,112</u>
	<u>72,317,373</u>	<u>73,853,018</u>

23 (ii) Other payables & accruals

Sundry Payables	15,404,450	9,734,856
InterLinked	-	436,706
Pension Plan Liabilities	13,557,959	13,404,989
Accrued Directors Fees	-	300,000
Accrued Salaries	540,353	1,831,821
Accrued Directors Expenses	-	400,000
Accrued Audit Fees	750,000	700,000
Accrued Secretarial Services	200,000	200,000
Accrued Electricity Bill	396,090	271,863
Accrued Housing Allowance	250,000	750,004
Refund Liabilities	600,000	600,000
Other Tax Payable	14,708,995	421,873
	<u>46,407,847</u>	<u>29,052,112</u>

24 Provisions

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

	€	€
Balance at 1 January	90,535,530	80,000,000
Provisions made during the year	-	10,535,530
Provisions used during the year	<u>(1,535,530)</u>	<u>-</u>
Balance at 31 December	<u>89,000,000</u>	<u>90,535,530</u>

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued) For the year ended 31st December, 2021

25	Investments	2021	2020
		₦	₦
	Balance at 1 January	5,820,000	6,342,400
	Impairment loss	-	(522,400)
	Balance at 31 December	<u>5,820,000</u>	<u>5,820,000</u>

The investment of ₦6.5 million (2m ordinary shares at ₦3.25 per share) in **Eunisell Interlinked Plc** (formerly **Interlinked Technologies Plc**) was tested for impairment using FVTPL model and a cumulative impairment loss of ₦680,000 was recorded for year 2019 and year 2020 but no impairment as at 31 December, 2021. Price of the shares as at 31 December 2021 is still ₦2.91/share being the same market price of the shares as at 31 December, 2020.

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

26 Risk management framework

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

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

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

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

27 Contingencies

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

McNICHOLS CONSOLIDATED PLC

Notes to the Financial Statements - (Continued)

For the year ended 31st December, 2021

28 Financial commitments

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

29 Proposed dividend

For the year ended 31st December, 2021 the directors have proposed a dividend of 3kobo per share amounting to ₦9,801,000 which will be subject to the approval of the shareholders at the next annual general meeting.

Unclaimed dividend returned by the registrar has been deposited into the bank. The company will continue to comply with SEC rules in dealing with unclaimed dividends.

30 Comparative figures

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

31 Subsequent events

There are no significant subsequent events which could have had material effect on the state of affairs of the Company as at 31 December 2021 that have not been adequately provided for or disclosed in the financial statements.

McNICHOLS CONSOLIDATED PLC

Other National Disclosures

**Statement of Value Added
For the year ended 31st December, 2021**

	2021 N	%	2020 N	%
Turnover	773,559,018		643,380,590	
Less: Bought in materials and services			4	
Local	(673,581,023)		(546,693,503)	
Other income	3,059,617		3,031,400	
Finance Income	<u>11,153,835</u>		<u>32,598,246</u>	
	<u>114,191,447</u>	<u>100</u>	<u>132,316,733</u>	<u>100</u>

Applied as follows:

To employees:

Salaries, Wages and Other Benefits (including that of Directors)	33,413,697	29	30,294,032	23
To provide for maintenance of assets	49,761,402	44	46,801,721	35
To pay taxes	3,282,417	2.87	1,640,000	1.24
To pay interest on borrowings and deposits	13,489,663	12	33,365,171	25
Retained profit for the year	<u>14,244,269</u>	<u>12</u>	<u>20,215,810</u>	<u>15</u>
	<u>114,191,447</u>	<u>100</u>	<u>132,316,733</u>	<u>100</u>

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

McNICHOLS CONSOLIDATED PLC

Other National Disclosures

Five Year Financial Summary

	2021	2020	2019	2018	2017
	₦	₦	₦	₦	₦
Funds Employed					
Share Capital	163,350,000	163,350,000	163,350,000	163,350,000	163,350,000
Share Premium	16,913,313	16,913,313	16,913,313	21,380,007	28,719,818
Retained Earnings	178,892,057	173,468,688	166,156,669	148,422,607	133,708,915
Shareholder's Fund	359,155,370	353,732,001	346,419,982	333,152,614	325,778,733
Current Liabilities	116,849,790	98,985,975	123,407,249	136,259,472 ^d	141,517,817
Non-current Liabilities	216,507,995	259,241,389	252,694,703	356,277,466	71,940,986
	<u>692,513,154</u>	<u>711,959,366</u>	<u>722,521,934</u>	<u>825,689,552</u>	<u>539,237,536</u>
Asset Employed					
Non Current assets	329,749,624	356,361,935	347,009,347	391,691,423	412,526,345
Current assets	362,763,530	355,597,431	375,512,587	433,998,129	126,711,191
Total assets	<u>692,513,154</u>	<u>711,959,366</u>	<u>722,521,934</u>	<u>825,689,552</u>	<u>539,237,536</u>
Turnover	773,559,018	732,091,283	643,380,590	786,912,331	967,193,655
Profit before tax	17,578,822	19,870,338	18,768,307	42,602,246	41,520,583
Taxation	(3,282,417)	(2,088,764)	(1,640,000)	(3,361,334)	(3,292,936)
Profit for the year	14,244,269	16,132,919	20,215,810	40,849,692	34,049,259
Total comprehensive income for the year	14,244,269	16,132,919	20,215,810	40,849,692	34,049,259
Basic/diluted earnings per share (kobo)	4.37	4.95	6.20	12.50	10.42
Dividend per share (kobo)	3.00	3.00	3.00	5.00	3.00
Net assets per share (Naira)	1.10	1.08	1.06	1.01	0.98