GLAXOSMITHKLINE CONSUMER NIGERIA PLC

ANNUAL REPORT AND CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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Directors' report

The Board of Directors of GlaxoSmithKline Consumer Nigeria Plc ("GSK" or the "Group") is pleased to present the annual report together with the Group's audited financial statements for the year ended 31 December 2021 which discloses the state of affairs of the Group.

1 Principal activities

"The Group is engaged in the manufacture, marketing and distribution of a wide range of healthcare brands that are well established in Nigeria. These include the Consumer Healthcare brands such as Panadol, Sensodyne, Andrews Liver Salt and Macleans and a range of internationally acclaimed pharmaceuticals, including Augmentin, Ampiclox and Amoxil (antibiotics); Zentel (the anthelmintic), and vaccines.

2 Operating results

The following is a summary of the group operating results from continuing operations:

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
Revenue	22,449,824	21,295,249	22,449,824	21,295,249
Profit for the year before taxation	945,752	1,000,222	948,266	1,001,006
Taxation	(286,941)	(377,992)	(286,941)	(377,992)
Profit for the year attributable to owners of the parent	658,811	622,230	661,325	623,014

3 Dividend

Your Board is pleased to recommend to members a dividend of N0.45k to be paid for the year to shareholders, representing 45k per ordinary share subject to the approval of shareholders. The dividend will be payable on 27 May 2022. Withholding tax at the applicable rate will be deducted at the time of payment and will be paid to the appropriate state or federal tax authorities.

4 Directors

The Directors who served during the year and to the date of this report are:

Mr. Edmund Onuzo	Chairman
Mr. Samuel Kuye	Independent Non-Executive Director
Mr. Kunle Oyelana	Managing Director
Mr. Mark Pfister	Executive Director
Mr. Bosco Kirugi	Finance Director
Mrs. Oludewa Edodo-Thorpe	Independent Non-Executive Director
Mr. Oussama Abbas	Non-Executive Director
Ms. Amina Salihu	Independent Non-Executive Director

5 Board changes

"Since the last Annual General Meeting, there have been some changes in the composition of the Board. Ms. Amina Salihu was appointed an Independent Non-Executive Director of the Company on the 28th May 2021.

In accordance with Section 273(1) of Companies Allied Matters Act, 2020, a resolution will be proposed at the Annual General Meeting approving the appointment of Ms. Amina Salihu as an Independent Non-Executive Director. "

6 Directors to retire by rotation

The Directors to retire by rotation at this Annual General Meeting in accordance with Article 91 of the company's Articles of Association are Mr. Samuel Kuye, Mrs. Oludewa Edodo-Thorpe and Mr. Oussama Abbas, who, being eligible, offer themselves for re-election. Their Biographical details are contained in the directors' section of the annual report.

Directors' report (cont'd)

7 Directors' interest in share capital

The directors' interest in the Group's ordinary shares as at 31 December 2021 were as follows:

Name	Direct holding	Indirect holding	Total
Mr. Edmund C. Onuzo	337,912	11,170	349,082
Mr. Samuel Kuye	923	93,750	94,673
Mr. Kunle Oyelana	-	-	-
Mr. Mark Pfister	-	-	-
Mr. Bosco Kirugi	-	-	-
Mrs. Oludewa Edodo-Thorpe	31	-	31
Mr. Oussama Abbas	-	-	-
Ms. Amina Salihu	-	-	

8 Beneficial ownership

None of the directors has any beneficial interest in shares of the Group except as stated in paragraph 7 above. Mr. Edmund C. Onuzo is a joint beneficial owner of the 11,170 ordinary shares held by Edmund and Charity Onuzo while Mr. Samuel Kuye is a joint beneficial owner of the 93,750 ordinary shares held by Stanbic IBTC Asset Management Limited

9 Directors' interest in contracts

None of the directors had notified the Group for the purpose of Section 303 of the Companies and Allied Matters Act, of any declarable interest in contracts with which the company is involved as at 31 December 2021.

10 Value of assets

Particulars of the changes arising from additions and disposal of fixed assets during the year are contained in Note 13 to the financial statements. Details of the other assets of the Group as at 31 December 2021 are given in Notes 14-18 to the financial statements.

11 Analysis of shareholding

"The issued and fully paid-up share capital of the Group is N597, 938,244 divided into 1,195,876,488 ordinary shares of 50k each. Of this 512,635,649 shares equivalent to 53.6 per cent are held by Nigerian shareholders, while 444,065,541 shares equivalent to 46.4 per cent are held by GlaxoSmithKline plc UK through its wholly owned subsidiaries, Setfirst Limited and SmithKline Beecham Limited as at 31 December 2021.

"

Range	Number of shareholders	Holders %	Number of holdings	% shareholding
1-1000	9,866	36.09	4,015,232	0.34
1,001-5,000	10,397	38.03	26,019,737	2.18
5,001- 10,000	3,211	11.75	21,849,001	1.83
10,001- 50,000	3,101	11.34	62,500,897	5.23
50,001 – 100,000	359	1.31	24,586,119	2.06
100,001 – 500,000	294	1.08	57,256,838	4.79
500,001 – 1,000,000	47	0.17	33,854,515	2.83
1,000,001 – Above	62	0.23	965,794,149	80.76
Total	**27,337**	100.00	**1,195,876,488**	100.00

Directors' report (cont'd)

12 Substantial interest in shares

According to the Register of Members, the following shareholders of the company held more than 5 per cent of the issued share capital of the company on 31 December 2021:

Shareholder	Number of shares held	% Holding
Setfirst Limited	326,593,793	27.31%
Smithkline Beecham Limited	228,488,132	19.11%
Stanbic Nominees Limited	106,932,609	8.94%

13 Unclaimed dividends

The unclaimed dividend in the books of the Company as at 31 December 2021 was N1,274,995,497.97 (2020: N1,430,723,032.79). They were in respect of Payments 31 to 43 of the shareholders of GlaxoSmithKline Consumer Nigeria plc and its legacy companies. The Group continues to take steps in conjunction with the Registrars, to ensure the Shareholders receive their dividend.

14 Donations

Our resolve borders around partnership with underprivileged communities across the country, putting our weight behind innovative, sustainable programs and paving way for real benefits to these communities. We are committed to strengthening community fabric by delivering health and education initiatives, and supporting local civic and cultural institutions to improve quality of life.

In 2021, GlaxoSmithKline (GSK) & Save the Children International (SCI) partnered through the INSPIRING project and donated medical equipment, instruments, and consumables worth over 100 million naira to 30 health facilities in Ikorodu LGA of Lagos state and 35 health facilities in Jigawa state.

GSK Nigeria also made a direct donation of PPEs to the Nigeria Association of Resident Doctors (NARD) and Medical Guild Lagos to provide much needed protection to health workers.

In compliance with section 43 (2) of the Companies and Allied Matters Act, 2021 the Group did not make any donation or gift to any political party, political association or for any political purpose during the year under review.

15 Human resources development

During the year, the Group invested in the training and development of its workforce through in-plant and external trainings (both local and overseas). Training areas include Leadership, Information Technology, Legal and Technical skills, as well as team-building initiatives.

The Group carried out periodic talent review to identify its existing talent pool as well as strengthen its human capital. In 2021, the Group paid very close attention to the differentiated development plan of its workforce which was tied to its articulated 4-point GSK-Expectations for Individuals and for Leaders. Deepening and strengthening the talent pool remains a strong imperative for the business in view of its aggressive growth agenda.

As a Group with a very strong ethical culture, during the year we rolled out extensive compliance and ethics training with emphasis on strong ethical and compliance behaviours. It is a fundamental belief that our performance at GSK must be backed by integrity.

In recognition of the fact that seamless communication within the team is integral to high performance, GSK's communication channels are designed to keep employees informed, engaged and involved in activities across all areas of our organization. The Group encourages two-way, open and honest communication with employees. Employees are encouraged to speak up whenever they have concerns. The Group has in place, a very strong and elaborate confidential line reporting structure that enables employees to raise their concerns without fear of victimization or reprisal.

Directors' report (cont'd)

15 Human resources development (cont'd)

The Group's code of conduct for employees is based on the Group's core values of Transparency, Respect for others, Integrity and Patient Focus. Above all, the conduct of every employee is expected to achieve the Group's mission of improving the quality of human life by enabling people to do more, feel better and live longer.

Employment of physically challenged persons

The Group continued to pursue its policy of non-discrimination in matters of employment and is committed to offering people with disabilities access to the full range of recruitment and career opportunities to develop to their fullest potential.

16 Diversity and inclusion

GSK is committed to employment policies free from discrimination against existing or potential employees on the grounds of age, race, ethnic and national origin, gender, sexual orientation, faith or disability. The Group's workforce consists of a fair proportion of the genders and is drawn from diverse tribes and cultures within and outside Nigeria. The Group continues to recognize the need for diversity and inclusion in leadership including the need to promote gender equality and equity in leadership.

17 Environment health and safety

The Group operated in an environmentally responsible manner. To meet our mission and implement our strategy, employee health and performance initiatives focus on the health factors that enable employees to perform at the highest level by sustaining energy and engagement. The programmes developed to deliver this health strategy range from the traditional – such as immunisations, smoking control, and weight management – to cutting-edge programmes in the areas of team and personal resilience, ergonomics and Energy for Performance. They are complimented by our commitment to flexible working that enables employees to do their best work in an environment that helps them integrate their work and personal lives. The Group had invested heavily to improve the work environment to make it more stimulating and fun. The health and safety of our employees, visitors and contractors is a high priority for GSK and hazards associated with our operations are continually identified, assessed and managed to eliminate or reduce risks. The Group regularly updates its staff on current issues as they relate to diseases including HIV/AIDS, Ebola, Asthma, Lassa Fever, Malaria, Cancer, Corona Virus and other serious diseases through health talks, health assessments and information sharing.

18 Major distributors

The Group's products are distributed through Key distributors who cover the entire country.

19 Suppliers

The Group obtains all its raw materials from both overseas and local suppliers. Amongst its overseas suppliers are companies in the GlaxoSmithKline Group.

20 General licensing agreement

The Group has a general license and technical service agreement with Beecham Group plc, a member of the GlaxoSmithKline group of companies. Under the agreements, technological, scientific and professional assistance are provided for the manufacture, marketing, quality control and packaging of the Group's products; new products development and training of personnel abroad. Access is also provided for the use of patents, brands, inventions and know-how. The agreements require the approval of the National Office for Technology Acquisition and Promotion. In addition, the Group is involved in seeking out and testing appropriate local raw materials of the required specification to substitute for their imported equivalents.

21 Acquisition of own shares

The Group did not purchase its own shares during the year.

Directors' report (cont'd)

22 Independent auditors

In accordance with Section 401(2) of the Companies and Allied Matters Act, Messrs. Deloitte & Touche have indicated their willingness to continue in office and pursuant to Section 408(1) (b) of that Act, a resolution will be proposed at the Annual General Meeting to empower the directors to determine their remuneration.

By Order of the Board

Frederick Ichekwai
Company Secretary
FRC/2018/NBA/00000018734

Registered office:
GlaxoSmithKline Consumer Nigeria plc
GSK House, 1 Industrial Avenue,
Ilupeju, Lagos.

31/03/2022

Statement of Directors' Responsibilities
For the year ended 31 December 2021

The Directors of accept responsibility for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2021, and the results of its operations, statement of cash flows and changes in equity for the year then ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act , [Banks and Other Financial Institutions Act] and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance.

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

Mr. Edmund C. Onuzo
Chairman
FRC/2015/IODN/00000011038

Mr. Kunle Oyelana
Managing Director
FRC/2020/003/00000020395

Certification of Financial Statements

In accordance with section 405 of the Companies and Allied Act of Nigeria, the Chief Executive Officer and the Chief Financial Officer certify that the financial statements have been reviewed and based on our knowledge, the

(i) audited financial statements do not contain any untrue statement of material fact or omit to state a material fact, which would make the statements misleading, in the light of the circumstances under which such statement was made, and
(ii) audited financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the company as of and for, the periods covered by the audited financial statements;

We state that management and directors:

(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company [and its subsidiaries] is made known to the officer by other officers of the group, particularly during the period in which the audited financial statement report is being prepared,
(ii) has evaluated the effectiveness of the group's internal controls within 90 days prior to the date of its audited financial statements, and
(iii) certifies that the group's internal controls are effective as of that date;

We have disclosed:

(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the group's ability to record, process, summarise and report financial data, and has identified for the group's auditors any material weaknesses in internal controls, and
(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the group's internal control; and
(d) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of their evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

The financial statements of the Group for the year ended 31 December 2021 were approved by the directors on 23 March 2022.

Mr. Kunle Oyelana
Managing Director
FRC/2020/003/00000020395

Mr. Adewale Vincent
Senior Finance Manager
FRC/2018/ICAN/00000018187

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REPORT OF THE AUDIT COMMITTEE TO THE MEMBERS OF GLAXOSMITHKLINE CONSUMER NIGERIA PLC

In accordance with Section 404(7) of the Companies and Allied Matters Act 2020 we confirm that we have examined the Auditors' Report for the year ended 31st December 2021.

In our opinion, the accounting and reporting policies of the Company are in accordance with legal requirements and agreed ethical practices.

We have reviewed the scope and planning of the audit and the External Auditors' Management Letter for the year under review as well as Management responses thereon.

We are satisfied with the responses to our questions and the state of affairs at GlaxoSmithKline Consumer Nigeria Plc.

Mr. K.A. Taiwo FCA

Chairman, Audit Committee
FRC/2013/1CAN/00000002890
Lagos, Nigeria

Dated this 23rd day of March 2022

Deloitte.

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Independent Auditor's report

To the Shareholders of GlaxoSmithKline Consumer Nigeria Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of **GlaxoSmithKline Consumer Nigeria Plc** and its subsidiaries (the Group and Company) set out on pages 4 to 51, which comprise the consolidated and separate statements of financial position as at 31 December 2021, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **GlaxoSmithKline Consumer Nigeria Plc** as at 31 December 2021, and its consolidated and separate financial performance and consolidated and separate statements of cash flows for the year then ended in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act (CAMA) 2020 and Financial Reporting Council Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and Company in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of consolidated and separate Financial Statements in Nigeria.

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

Key Audit matter

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated and separate financial statements of the current year. This matter was addressed in the context of our audit of the Group's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. No Key Audit Matter was identified in the audit of the Group's financial statements for the current year.

Other Information

The directors are responsible for the other information. The other information comprises the Directors' Report, Chairman's Statement, Corporate Responsibility Report, Statement of Directors Responsibility and Report of the Statutory Audit Committee, which we obtained prior to the date of this report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Deloitte.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act (CAMA) 2020, the Financial Reporting Council of Nigeria Act and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.

Deloitte.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements
In accordance with the Fifth schedule of Companies and Allied Matters Act (CAMA) 2020 we expressly state that:

i) We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group has kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position and its statement of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Stella Mba - FRC/2013/ICAN/00000001348
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
31 March, 2022

Consolidated and separate statement of profit or loss and other comprehensive income

		GROUP		COMPANY	
	Notes	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Revenue	5	22,449,824	21,295,249	22,449,824	21,295,249
Cost of sales	6	(16,270,135)	(15,380,493)	(16,270,135)	(15,380,493)
Gross profit		6,179,689	5,914,756	6,179,689	5,914,756
Investment income	8	93,545	71,482	93,545	71,482
Other gains and losses	9	106,633	166,711	106,633	160,973
Impairment of financial assets	19.2	(87,403)	(73,494)	(87,403)	(73,494)
Finance costs	26	(4,669)	(39,150)	(4,669)	(39,150)
Selling and distribution costs	7.1	(3,542,294)	(3,519,762)	(3,542,294)	(3,519,762)
Administrative expenses	7.1	(1,799,749)	(1,520,321)	(1,797,235)	(1,513,799)
		(5,233,937)	(4,914,534)	(5,231,423)	(4,913,750)
Profit before tax	10	945,752	1,000,222	948,266	1,001,006
Income tax expense	11.1	(286,941)	(377,992)	(286,941)	(377,992)
Total profit after tax for the year		**658,811**	**622,230**	**661,325**	**623,014**
Other comprehensive income net of income tax:					
Items that will not be reclassified to profit or loss:		-	-	-	-
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year, net of tax		**658,811**	**622,230**	**661,325**	**623,014**
Profit for the year attributable to:					
Shareholders of the Company		658,811	622,230	661,325	623,014
Non-controlling interest		-	-	-	-
		658,811	622,230	661,325	623,014
Total comprehensive income for the year attributable to:					
Shareholders of the Company		658,811	622,230	661,325	623,014
Non-controlling interest		-	-	-	-
		658,811	622,230	661,325	623,014
Basic and diluted earnings per share (Kobo)					
From continuing operations	12	55	52	55	52
From continuing and discontinuing operations	12	55	52	55	52

The accompanying notes and other national disclosures form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of financial position
As at 31 December 2021

		GROUP		COMPANY	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
Assets	**Notes**	**N'000**	**N'000**	**N'000**	**N'000**
Non-current assets					
Property, plant and equipment	13	540,339	1,830,986	540,339	1,830,986
Deferred tax asset	11.3	231,223	450,956	231,223	450,956
Right of use assets	15	14,481	95,971	14,481	95,971
Investment property	16	585,532	154,839	585,532	154,839
Investment in subsidiary	17	-	-	160	160
		1,371,575	2,532,752	1,371,735	2,532,912
Current assets					
Inventories	18	6,045,400	3,282,439	6,045,400	3,282,439
Trade and other receivables	19	5,170,886	4,649,954	5,170,886	4,649,954
Other assets	20	202,846	373,775	202,846	373,775
Cash and bank balances	21	12,746,570	12,896,742	12,746,570	12,896,742
Assets classified as asset held for sale	14	715,455	-	715,455	-
		24,881,157	21,202,910	24,881,157	21,202,910
Total assets		**26,252,732**	**23,735,662**	**26,252,892**	**23,735,822**
Equity and liabilities					
Equity					
Issued share capital	22.1	597,939	597,939	597,939	597,939
Share premium	22.2	51,395	51,395	51,395	51,395
Retained earnings		8,650,116	8,469,656	8,480,771	8,297,798
Total equity		9,299,450	9,118,990	9,130,105	8,947,132
Non-current liabilities					
Liability for share-based payments	25	26,279	30,730	26,279	30,730
Total non-current liabilities		26,279	30,730	26,279	30,730
Current liabilities					
Trade and other payables	23	16,731,849	13,579,643	16,915,099	13,765,407
Lease liabilities	26	1,500	106,610	1,500	106,610
Contract liabilities	24	90,841	105,606	90,841	105,606
Bank overdraft	21	-	11,160	-	11,160
Income tax payable	11.2	102,813	782,923	89,067	769,177
Total current liabilities		16,927,003	14,585,942	17,096,507	14,757,960
Total liabilities		16,953,282	14,616,672	17,122,787	14,788,690
Total equity and liabilities		**26,252,732**	**23,735,662**	**26,252,892**	**23,735,822**

The consolidated and separate financial statements were approved and authorised for issue by the Board of Directors on 23 March 2022 and signed on its behalf by:

Mr. Edmund C. Onuzo	**Mr. Olakunle Oyelana**	**Adewale Vincent**
Chairman	**Managing Director**	**Senior Finance Manager**
FRC/2015/IODN/00000011038	**FRC/2020/003/00000020395**	**FRC/2018/ICAN/00000018187**

The accompanying notes and other national disclosures form an integral part of these consolidated and separate financial statements.

Consolidated and separate statement of changes in equity

Group	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 January 2020	597,939	51,395	8,503,734	9,153,068
Profit for the year	-	-	622,230	622,230
Dividend declared	-	-	(657,732)	(657,732)
Unclaimed dividend declared statute barred	-	-	1,424	1,424
At 31 December 2020	**597,939**	**51,395**	**8,469,656**	**9,118,990**
At 1 January 2021	597,939	51,395	8,469,656	9,118,990
Profit for the year	-	-	658,811	658,811
Dividend declared	-	-	(478,351)	(478,351)
At 31 December 2021	**597,939**	**51,395**	**8,650,116**	**9,299,450**

Company	Share capital N'000	Share premium N'000	Retained earnings N'000	Total N'000
At 1 January 2020	597,939	51,395	8,331,092	8,980,426
Profit for the year	-	-	623,014	623,014
Dividends declared	-	-	(657,732)	(657,732)
Unclaimed dividend declared status barred	-	-	1,424	1,424
At 31 December 2020	**597,939**	**51,395**	**8,297,798**	**8,947,132**
At 1 January 2021	597,939	51,395	8,297,798	8,947,132
Profit for the year	-	-	661,325	661,325
Dividends declared	-	-	(478,351)	(478,351)
At 31 December 2021	**597,939**	**51,395**	**8,480,771**	**9,130,105**

Consolidated and separate statement of cash flows

		GROUP		COMPANY	
	Notes	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Cash flows from operating activities					
Profit for the year		658,811	622,230	661,325	623,014
Adjustment for:					
Income tax expense recognised in profit or loss		286,941	377,992	286,941	377,992
Depreciation of property, plant and equipment, investment property and right of use asset	7	434,232	479,972	434,232	479,972
Loss/(gain) on disposal of property, plant and equipment	9	(6,183)	(4,162)	(6,183)	(4,162)
Interest on term deposits	8	(93,545)	(71,482)	(93,545)	(71,482)
Finance cost	26	4,669	39,150	4,669	39,150
Adjustments to property, plant and equipment	13	18,475	40,848	18,475	40,848
Transfers to assets held for sale	13	-	26,371	-	26,371
Share based payment expense	25	6,027	44,442	6,027	44,442
Working capital adjustments:					
Changes in inventories		(2,762,961)	2,242,476	(2,762,961)	2,242,476
Changes in trade receivables		(520,930)	2,030,458	(520,930)	2,030,458
Changes in other assets		170,928	(142,540)	170,928	(143,432)
Changes in contract liabilities		(14,765)	(51,229)	(14,765)	(51,229)
Changes in trade and other payables		3,126,137	4,779,082	3,123,624	4,779,238
		1,307,837	10,265,942	1,307,837	10,265,990
VAT paid	23.3	(195,962)	(147,666)	(195,962)	(147,666)
Income tax paid	11	(747,318)	(477,971)	(747,318)	(477,971)
Net cash generated by operating activities		364,556	9,787,972	364,557	9,788,019
Cash flows from investing activities					
Proceeds from sale of property, plant and equipment	9	6,183	4,162	6,183	4,162
Interest received	8	93,545	71,482	93,545	71,482
Purchase of property, plant and equipment	13	(183,277)	(140,061)	(183,277)	(140,061)
Purchase of right of use asset	15	(43,441)	(181,343)	(43,441)	(181,343)
Net cash flows used in investing activities		(126,990)	(245,760)	(126,989)	(245,760)
Cash flows from financing activities					
Share based payment settlement	25	(10,478)	(13,712)	(10,478)	(13,712)
Final dividends paid to shareholders of the Company	23.1	(256,322)	(352,437)	(256,322)	(352,437)
Lease liability paid	26	(153,220)	(106,218)	(153,220)	(106,218)
Proceed from lease liability	26	43,441	103,502	43,441	103,502
Statute barred dividend received		-	1,424	-	1,424
Net cash flows used in financing activities		(376,579)	(367,441)	(376,579)	(367,441)
Net increase in cash and cash equivalents		(139,012)	9,174,770	(139,012)	9,174,818
Cash and cash equivalents at 1 January		12,885,582	3,710,812	12,885,582	3,710,764
Cash and cash equivalents at 31 December	21	12,746,570	12,885,582	12,746,570	12,885,582

Notes to the consolidated and separate financial statements

1.1 Corporate information

The Company is a public limited liability company incorporated in 1971 and domiciled in Nigeria where its shares are publicly traded. 46.4% of the shares of the Company are held by Setfirst Limited and Smithkline Beecham Limited (both incorporated in the United Kingdom); and 53.6% by Nigerian shareholders. The ultimate parent and ultimate controlling party is GlaxoSmithKline Plc, United Kingdom (GSK Plc UK). GSK Plc UK controls the Company through Setfirst Limited and Smithkline Beecham Limited.

The registered office of the Company is located at 1 Industrial Avenue, Ilupeju, Lagos.

The principal activities of the company are manufacturing, marketing and distribution of consumer healthcare and pharmaceutical products.

The consolidated financial statements of the Group for the year ended 31 December 2021 comprise the result and the financial position of GlaxoSmithkline Consumer Nigeria Plc (the Company) and its wholly owned subsidiary– Winster Pharmaceuticals Limited which has no turnover for the current year following the sale of its only product to a third party on 30 April 2012.

Securities Trading Policy

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

These consolidated and separate financial statements for the year ended 31 December 2021 have been approved for issue by the directors on 23 March 2022.

2.1 New and amended IFRS Standards that are effective for the current year

i) Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

"The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

a) A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
b) Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
c) Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component"

The Directors have reviewed the amendments to the IFRS and are of the opinion that this has no material impact on the Group's consolidated financial statements

Notes to the consolidated and separate financial statements

2.1 New and amended IFRS Standards that are effective for the current year (cont'd)

ii) Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16

In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

"The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
b) Any reduction in lease payments affects only payments originally due on or before 30 June 2022, (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2022); and
c) There is no substantive change to other terms and conditions of the lease."

The amendment was intended to apply until 30 June 2021, but as the impact of the Covid-19 pandemic is continuing, on 31 March 2021, the IASB extended the period of application of the practical expedient to 30 June 2022.The amendment applies to annual reporting periods beginning on or after 1 April 2021. However, the Group has not received Covid-19-related rent concessions, but plans to apply the practical expedient if it becomes applicable within allowed period of application.

The Directors have reviewed the amendments to the IFRS and are of the opinion that this has no material impact on the Group's consolidated financial statements

2.2 New and revised IFRSs Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

IFRS 17	Insurance Contracts
IFRS 10 and IAS 28 (amendments)	Sale or Contribution of Assets between an Investor and its Associates or Joint Ventures
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IAS 16	Property, Plant and Equipment—Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Annual Improvements to IFRS Standards 2018-2020 Cycle	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

The directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Group in future periods.

Notes to the consolidated and separate financial statements

2.2 New and revised IFRSs Standards in issue but not yet effective (cont'd)

i) IFRS 17 Insurance Contracts

IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after 1 January 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after 1 January 2023.

ii) 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 amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

iii) Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted.
The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Notes to the consolidated and separate financial statements

2.2 New and revised IFRSs Standards in issue but not yet effective (cont'd)

iv) Amendments to IFRS 3 – Reference to the Conceptual Framework

The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

v) Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

vi) Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

Notes to the consolidated and separate financial statements

2.2 New and revised IFRSs Standards in issue but not yet effective (cont'd)

vii) Amendments to IAS 8 - Definition of Accounting Estimates

"The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, they clarify how entities use measurement techniques and inputs to develop accounting estimates.

"

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted as long as this fact is disclosed.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

viii) Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a SingleTransaction

The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit.

Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements.

ix) Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements, in which it provides guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments to IAS 1 are applicable for annual periods beginning on or after 1 January 2023 with earlier application permitted. Since the amendments to the Practice Statement 2 provide non-mandatory guidance on the application of the definition of material to accounting policy information, an effective date for these amendments is not necessary.

The directors of the Group are currently assessing the impact of the amendments to determine the impact they will have on the Group's accounting policy disclosures.

Notes to the consolidated and separate financial statements

2.2 New and revised IFRSs Standards in issue but not yet effective (cont'd)

x) Annual Improvements to IFRS Standards 2018–2020

"The Annual Improvements include amendments to four Standards.

- **IFRS 1 First-time Adoption of International Financial Reporting Standards**
  The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences.

- **IFRS 9 Financial Instruments**
  The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf.

- **IFRS 16 Leases**
  The amendment removes the illustration of the reimbursement of leasehold improvements.

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

"The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The directors of the Group do not anticipate that the application of the amendments in the future will have an impact on the Group's consolidated financial statements."

3 Summary of significant accounting policies

The following are the significant accounting policies applied by the Group in preparing its consolidated and separate financial statements:

3.1 Reclassification

Certain reclassifications have been made to prior year's financial statements to aid comparability with the current year's financial statements. This reclassification has had no impact on prior year's reported position.

3.2 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) that are effective at 31 December, 2020 and the requirements of the Companies and Allied Matters Act (CAMA) of Nigeria and Finance Reporting Council (FRC) Act of Nigeria.

3.3 Basis of preparation

The consolidated and separate financial statements have been prepared on a historical cost basis and are presented in Naira. All values are rounded to the nearest thousand (N'000), except when otherwise indicated.

Notes to the consolidated and separate financial statements

3.4 Basis of consolidation

"The consolidated and separate financial statements comprise the financial statements of the Company and its subsidiary (Winster Pharmaceutical Limited) as at 31 December 2020.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

"Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity."

"When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

The investments in subsidiary are valued at cost within the Company financial statements.

Notes to the consolidated and separate financial statements

3.5 Business combinations

Business combinations are accounted for using the acquisition accounting method. Identifiable assets, liabilities and contingent liabilities acquired are measured at fair value at acquisition date. The consideration transferred is measured at fair value and includes the fair value of any contingent consideration. Where the consideration transferred, together with the non-controlling interest, exceeds the fair value of the net assets, liabilities and contingent liabilities acquired, the excess is recorded as goodwill. The costs of acquisition are charged to the income statement in the period in which they are incurred. Where not all of the equity of a subsidiary is acquired the noncontrolling interest is recognised either at fair value or at the non-controlling interest's share of the net assets of the subsidiary, on a case-by-case basis. Changes in the Group's ownership percentage of subsidiaries are accounted for within equity.

3.6 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

3.7 Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated and separate financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

Notes to the consolidated and separate financial statements

3.8 Revenue recognition

Revenue is recognised by applying a five-step approach:

- Identify the contract
- Identify the separate performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to separate performance obligations
- Recognise revenue when (or as) each performance obligation is satisfied

3.8.1 Identify the contract

Any agreement that creates enforceable rights and obligations is a contract. This covers revenue arising from contracts for:

(a) Sale of the Groups products to retail customers, wholesalers or distributors;
(b) Sale of products under contract manufacturing agreements;
(c) Licences of GSK intellectual property;
(d) Divestments of PP&E and intangible assets.

It does not cover revenue arising on sales of businesses or from collaboration agreements.

3.8.2 Identify the separate performance obligations in the contract

Performance obligations are the explicit or implicit promises made to the customer or licensee in a contract. In a multi-element arrangement, it is necessary to determine if the promises made are distinct from each other or should be accounted for together as a bundle.

3.8.3 Determine the transaction price

The transaction price is the amount of consideration that GSK is entitled to for the transfer of goods or services.

The price may include variable consideration where either

- uncollected revenue is contingent on future events occurring, such as meeting a sales milestone; or
- GSK's ability to retain revenue already invoiced or collected is contingent on future events not occurring, such as retrospective rebates being awarded by GSK or products being returned by the customer.

Variable consideration is estimated and recognised as revenue when it is highly probable that a significant reversal of the cumulative revenue recognised will not occur in future periods.

3.8.4 Allocate the transaction price to separate performance obligations

The total consideration in a contract is divided between each of the distinct performance obligations in that contract on the basis of the standalone selling price of each.

3.8.5 Recognise revenue when (or as) each performance obligation is satisfied

Revenue is recognised in the Income Statement when or as GSK fulfils its performance obligations. In the case of sale of products or divestment of other assets, this is when control of the products or assets has been transferred to the customer or buyer. In the case of services, the obligation is satisfied over the period of provision of the services.

Dividend and Interest income

Dividends are recognised when the Group's right to receive payment has been established, i.e. when the paying entity is irrevocably committed to paying the dividend which may be only on payment date or on approval by the shareholders of the dividend-paying entity `

Rental Income

Rental and interest income are recognised when the Group's right to receive payment has been established, i.e. when the paying entity is irrevocably committed to paying the rental or interest income

Notes to the consolidated and separate financial statements

3.9 Foreign currencies

(i) Functional and presentation currency

The Group measures the items in its financial statements using the currency of the primary economic environment in which it operates (the functional currency); the financial statements are presented in Nigerian Naira which is the Group's presentation and functional currencies.

"

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

3.10 Taxes

Current income tax

The current income tax liabilities for the current period are measured at the amount expected to be paid to the taxation authorities. The tax rates and tax laws used to compute the amount are determined in accordance with the Companies Income Tax Act (CITA), CITA is assessed at 30% of the adjusted profit while Education tax is assessed at 2% of the assessable profits.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of taxable temporary differences associated with investments in subsidiary where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Notes to the consolidated and separate financial statements

3.11 Property, plant and equipment

Property, plant and equipment are stated at cost of purchase or construction, less accumulated depreciation and accumulated impairment loss if any. Such cost includes the cost of replacing component parts of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group derecognises the replaced part, and recognizes the new part with its own associated useful life and depreciation. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Depreciation on the categories of property, plant and equipment is calculated to write off the cost less the residual value of the asset, using the straight-line basis, over the assets' expected useful life. The normal expected useful life for the major categories of property, plant and equipment are:

- Leasehold land	Over the life of the lease
- Buildings	Lower of lease term or 50 years
- Plant and machinery	10 to 15 years
- Furniture, fittings and equipment	4 to 7 years
- Motor vehicles	4 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss when the asset is derecognised.

The assets' residual values, useful lives and methods of depreciation are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an operating expense in the profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases, all other leases are classified as finance leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

3.13 Financial instruments — initial recognition and subsequent measurement

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

3.13.1 Financial asset

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual right to receive cash or another financial asset (e.g. receivables); or
- a contractual right to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to GSK (e.g. derivatives resulting in an asset, bonds and investments)"

Notes to the consolidated and separate financial statements

3.13.2 Financial liability

"A financial liability is any liability that is:

- a contractual obligation to deliver cash or another financial asset (e.g. payable); or
- a contractual obligation to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group (e.g. payables, loans and derivatives resulting in a liability)."

3.13.3 Amortised cost

"Most of GSK's financial assets and liabilities are measured at amortised cost, including most trade receivables and trade payables. The amortised cost of a financial asset or financial liability is the amount at which the asset or liability is measured at initial recognition minus principal repayments to date, and minus any reduction for impairment.

If there is a difference between the initial amount and the maturity amount (arising from reasons other than impairment), amortised cost will also be plus or minus the cumulative amortisation using the effective interest method."

3.13.4 Effective interest method

The effective interest method calculates amortised cost by allocating the interest payment or expense over the relevant period. This calculation only applies if a premium has been paid or a discount received. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When estimating cash flows, all contractual terms are considered but expected future credit losses are not taken into account unless the financial instrument is credit impaired.

3.13.5 Expected credit loss (ECL)

The expected credit loss is the difference between the cash flows due under the contract and the cash flows expected to be received, discounted at the original effective interest rate. An expected credit loss allowance is similar to an impairment provision.

3.13.6 Expected credit loss allowance

An allowance for expected credit losses (ECLs) on all financial assets measured at amortised cost, e.g. most trade and other receivables, is set up through the Income Statement at initial recognition of the asset. The ECL is deducted from the carrying value of the asset on the balance sheet. Subsequent movements in the ECL (including release of the ECL if the asset is recovered in full) are reported in the Income Statement.

"All ECL (impairment) allowances must be reviewed at least quarterly.

In applying the IFRS 9 impairment requirements, an entity needs to apply one of the following approaches:

- The simplified approach, which will be applied to trade receivables .
- The general approach, which will be applied to other receivables, including royalty receivables, and to loan assets and investments in debt securities. "

(a) The simplified impairment approach

The simplified approach applied to trade receivables requires the recognition of lifetime ECLs at all times. GSK entities use a provision matrix as a practical expedient for determining ECLs on trade receivables, including non-overdue balances. The provision matrix should incorporate forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns, such as public (government) and private customers

Notes to the consolidated and separate financial statements

3.13.6 Expected credit loss allowance (cont'd)

(b) The general impairment approach

Under the general approach, prior to an asset actually being credit-impaired, entities recognise expected credit losses (ECLs) in two stages. For assets for which there has not been a significant increase in credit risk since initial recognition (i.e. 'good' exposures), entities are required to provide for ECLs that would result from default events that are possible within the next 12 months (a 12-month ECL).

For assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance for ECLs expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL), is required. "

Indicators of a significant increase in credit risk include:

- An actual or expected significant change in the financial asset's external or internal credit rating;
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtor's ability to meet its debt obligations, such as an increase in interest rates or a significant increase in unemployment rates;
- An actual or expected significant change in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the debtor;
- An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant change in the debtor's ability to meet its debt obligations, such as a decline in the demand for the debtor's sales product because of a shift in technology;
- Expected changes in the loan documentation (i.e. changes in contract terms) including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument;
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group (e.g., an increase in the expected number or extent of delayed contractual payments); and
- Past due information on debtors.

For current assets (expected to be recovered in less than 12 months), there will be no difference between the 12-month ECL and the lifetime ECL."

(c) Credit-impaired assets

Under both approaches, when the asset becomes credit impaired due to the occurrence of a 'loss event' additional expected credit loss should be recognised. Loss events may include:

- Significant financial difficulty of the customer;
- It becoming probable that the customer will enter bankruptcy or other financial reorganisation;
- A breach of contract such as default or past due event;

If the credit-impaired asset is interest-bearing, interest should be calculated on the net asset balance, i.e. the gross amount adjusted for ECLs. "

(d) Asset write-off

The asset, or a portion thereof, is written off through utilisation of the ECL allowance once there is no reasonable expectation of recovery. This point is a matter of judgement that will depend on facts and circumstances. Indicators include:

- Status of the debtor e.g. liquidation;
- Number of days past due or number of days since the last payment was received. "

Notes to the consolidated and separate financial statements

3.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

3.15 Cash and cash equivalents

Cash and bank balances in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated and separate statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above, net of outstanding bank overdrafts.

3.16 Impairment of non-current assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss.

3.17 Pensions and other post-employment benefits

The Group operates a pension fund scheme for the benefit of all of its employees.

(i) Pension fund scheme: The Group in line with the provisions of the Pension Reform Act 2014, which repealed the Pension Reform Act No. 2 of 2004, has a defined contribution pension scheme for its employees. Contributions to the scheme are funded through payroll deductions while the Group's contribution is charged to the profit or loss. The Group contributes 10% while the employees contribute 8% of the pensionable emoluments.

ii) Bonus plan: the Group recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit for the year and the performance rating of each staff. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Notes to the consolidated and separate financial statements

3.18 Segment report

"The Group defines it segments on the basis of business sectors. The segments are reported in a manner consistent with internal reporting guidelines provided by the GSK Group (UK).

The Group's segment report has been prepared in accordance with IFRS 8 based on operating segment and product ownership identified by the group and takes geographical reporting into considerations. The operating segments consist of Pharmaceuticals (Prescription drugs and vaccines) and Consumer Healthcare (Oral care, OTC medicines and nutritional healthcare). The Group's management reporting process allocates segment revenue and related cost on the basis of each operating segment. There are no sales between the operating segments. "

3.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and the amount has been reliably estimated.

3.20 Share-based payments

Share-based payment transactions of the Group

The Group does not have an equity settled share option plan.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At each reporting date until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

GSK operates a share value plan, whereby awards are granted to employees, to acquire shares in GSK PLC. Under the Share Value Plan, share awards are granted to certain employees at no cost. The awards vest after two and a half to three years and there are no performance criteria attached.

3.21 Borrowings

"Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowing using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down."

3.21.1 Borrowing cost

"General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred."

3.22 Dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

3.23 Share capital

"Ordinary shares are classified as equity.
Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds."

3.24 Disposal groups held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

Notes to the consolidated and separate financial statements

3.25 Research and development

Research and development expenditure is charged to the income statement in the period in which it is incurred. Property, plant and equipment used for research and development is capitalised and depreciated in accordance with the Group's policy.

3.26 Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the cost model. In line with the cost model, investment property is accounted for as cost less accumulated depreciation and less accumulated impairment losses.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4. Significant accounting judgments, estimates and assumptions

The preparation of the Group's consolidated and separate financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognised in the consolidated and separate financial statements:

Going concern

The Directors do not consider Winster Pharmaceutical Limited (the wholly owned subsidiary) to be a going concern. This is as a result of the sale of the Company's only product - Cafenol, to a third party on 30 April 2012. The implication of this is that the assets of the Company have been stated at their realisable values and liabilities are all treated as current.

Revenue recognition

In making their judgement, the directors considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer. Following the detailed quantification of the Group's liability in respect of rectification work, and the agreed limitation on the customer's ability to require further work or to require replacement of the goods, the directors are satisfied that control has been transferred and that recognition of the revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision for the rectification costs.

Estimates and assumptions

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

Notes to the consolidated and separate financial statements

4. Significant accounting judgments, estimates and assumptions (cont'd)

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts, at the rates that have been enacted or substantively enacted as at the balance sheet date.

Expected credit loss allowance

An allowance for expected credit losses (ECLs) on all financial assets measured at amortised cost, e.g. most trade and other receivables, is set up through the Income Statement at initial recognition of the asset. The ECL is deducted from the carrying value of the asset on the balance sheet. The simplified approach applied to trade receivables requires the recognition of lifetime ECLs at all times. The Group uses a provision matrix as a practical expedient for determining ECLs on trade receivables, including non-overdue balances. The provision matrix incorporates forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns, such as public (government) and private customers.

Under the general approach, prior to an asset actually being credit-impaired, entities recognise expected credit losses (ECLs) in two stages. For assets for which there has not been a significant increase in credit risk since initial recognition (i.e. 'good' exposures), entities are required to provide for ECLs that would result from default events that are possible within the next 12 months (a 12-month ECL). For assets for which there has been a significant increase in credit risk since initial recognition, a loss allowance for ECLs expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL), is required."

Year-end translation rate

IAS 21 requires that at each reporting period, monetary assets and liabilities be translated using the closing rate. When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date. In prior years, translation of monetary assets and liabilities has been done using the central bank of Nigeria or Inter-bank rates.

During the year, the rate available to the company are shown below:

- The CBN rate
- Inter-bank rate and
- The GSK UK Group rate

In translating year end monetary assets and liabilities, inter-bank rates which represents the rate at which the company funded its foreign currency transactions have been utilised.

Royalty

In prior years, royalty accruals were made in the financial statements based on management's best estimate of the amounts it would require to settle the underlying obligations. The Group did not make any royalty accruals in the current financial year due to changes in regulation by the financial reporting council of Nigeria FRCN that accruals are allowed upon prior approval by the National Office for Technology Acquisition and Promotion (NOTAP). In view of the divestment of the drinks business in 2016 which accounted largely for the prior year accruals, the group considered that seeking NOTAP approval will not results to material benefits to the trading parties in the current year.

Notes to the consolidated and separate financial statements

5 The following represents the Group and Company's revenue for the year from continuing operations excluding investment income

	Group & Company	
	31 December 2021 N'000	**31 December 2020 N'000**
Revenue from the sale of goods - Local	22,301,368	21,227,552
Revenue from the sale of goods - Export	148,456	67,697
	22,449,824	**21,295,249**

5.1 Segment information

Product and services from which reportable segments derive their revenue

The Chief Operating Decision Maker has been identified as the Management Team. For management purposes, the Group is organised into business units based on their products and has two reportable segments as follows:

Consumer Healthcare segment consisting of oral care, over-the-counter (OTC) medicines; and Pharmaceuticals segment consisting of antibacterial, vaccines and prescription drugs.

Management team monitors the operating results of its operating units separately for the purpose of making decisions about resource allocation and performance assessment. The Agbara global manufacturing site produces goods for the consumer healthcare segment while pharmaceuticals are imported. Segment performance is evaluated based on revenue and operating profit or loss and is measured consistently with operating profit or loss in the consolidated and separate financial statements.

There are no sales between business segments.

The Group's reportable segments under IFRS 8 are Consumer Healthcare and Pharmaceuticals.

Notes to the consolidated and separate financial statements

5.2 Segment revenue and results

The following is an analysis of the Group's revenue and results, assets and liabilities from continuing operations by reporting segment. Segment performance is measured based on revenue and operating profit, as management believes such information is the most relevant in evaluating results of segments relative to other entities.

31 December 2021	**Consumer Healthcare**	**Pharmaceuticals**	**Non-Operating income**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Segment results				
Revenue	7,288,967	15,160,857	-	22,449,824
Cost of sales	(4,126,194)	(12,143,941)	-	(16,270,135)
Gross profit	3,162,773	3,016,916	-	6,179,689
Operating expenses	(2,607,554)	(2,734,489)	-	(5,342,043)
Operating profit	555,219	282,427	-	837,646
				-
Impairment of financial assets	(57,008)	(30,395)	-	(87,403)
Investment income	-	-	93,545	93,545
Finance costs	(4,669)	-	-	(4,669)
Other gains and losses	223,111	(179,382)	62,904	106,633
Profit before tax	**716,653**	**72,650**	**156,449**	**945,752**
Segment assets & liabilities				
Non-current assets excluding deferred tax	1,140,351	-		1,140,351
Current assets	18,110,493	6,770,665		24,881,158
Total assets	**19,250,844**	**6,770,665**	**-**	**26,021,509**
Segment liabilities	**5,101,488**	**11,851,795**	-	**16,953,283**

Notes to the consolidated and separate financial statements

5.2 Segment revenue and results (cont'd)

31 December 2020	**Consumer Healthcare**	**Pharmaceuticals**	**Non-Operating income**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Segment results				
Revenue	6,249,753	15,045,496	-	21,295,249
Cost of sales	(3,525,569)	(11,854,925)	-	(15,380,493)
Gross profit	2,724,184	3,190,572	-	5,914,756
Operating expenses	(2,279,895)	(2,833,682)	-	(5,113,577)
Operating (loss)/profit	444,289	356,890		801,179
Investment income	-	-	71,482	71,482
Finance costs	(39,150)	-		(39,150)
Other gains and losses	6,490	160,221	-	166,711
Profit/(loss) before tax	**411,629**	**517,111**	**71,482**	**1,000,222**
Segment assets & liabilities				
Non-current assets excluding deferred tax	2,081,796			2,081,796
Current assets	5,960,350	15,242,560		21,202,910
Total assets	**8,042,146**	**15,242,560**	**-**	**23,284,706**
Segment liabilities	**4,659,157**	**9,957,516**	**-**	**14,616,673**

The accounting policies of the segments are the same as the Group's accounting policies describe in Note 3. This is the measure reported to the management for the purpose of resources allocation and measurement

The accounting policies of the reporting segments are the same as the Group's accounting policies described in note 3.

For the purpose of monitoring segments performance and allocating resources between segments :

- all assets are allocated to reportable segment other than deferred tax asset. Assets used by reportable segments are allocated on the basis of the revenues earned by individual reportable segments
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segments assets

Notes to the consolidated and separate financial statements

	GROUP AND COMPANY	
5.3 Other segment information	**Depreciation and Amortisation**	
	31 December 2021 N'000	**31 December 2020 N'000**
- Consumer healthcare	434,232	483,988
- Pharmaceuticals	-	-
	434,232	**483,988**

5.4 Geographical information

The Group generates 99.34% of its revenue from continuing operations in Nigeria and 0.66% from sales to Ghana.

5.5 Information about major customer

The company has a major customer with total sales of N19.78billion (2020: N19.33billion) contributing more than 10% of the Group's total revenue.

	Group		Company	
6 Cost of Sales	**31 December 2021 N'000**	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Materials consumed	15,349,296	14,463,579	15,349,296	14,463,579
Depreciation and amortisation	303,761	389,620	303,761	389,620
Production labour	617,077	527,294	617,077	527,294
	16,270,135	**15,380,493**	**16,270,135**	**15,380,493**

7 The following represents the Group and Company's selling and administrative expenses.

	Group		Company	
	31 December 2021 N'000	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Payroll costs	940,231	992,141	940,231	992,141
Directors renumeration	90,599	73,704	90,599	73,704
Electricity, fuel & utility	95,362	59,298	95,362	59,298
Repairs and maintenance - vehicles	5,969	14,386	5,969	14,386
Repairs and maintenance -others	27,024	38,940	27,024	38,940
Insurance	28,769	34,777	28,769	34,777
Depreciation and amortisation	130,471	90,352	130,471	90,352
Rent and rates	109,607	121,949	109,607	121,949
Security & facility expenses	52,330	11,128	52,330	11,128
Canteen expenses	-	45	-	45
Freight cost	299,011	226,713	299,011	226,713
Travel and expenses	65,301	27,409	65,301	27,409
Telecom cost	35,961	55,282	35,961	55,282
Audit fees	25,000	23,500	24,000	22,500
Consultancy	41,566	60,861	40,052	55,339
Advert and promotion	1,369,289	1,207,252	1,369,289	1,207,252
Bank charges	67,608	43,183	67,608	43,183
Other business expenses	150,905	104,982	150,905	104,982
Intercompany rechargeable expenses	1,807,040	1,854,181	1,807,040	1,854,181
	5,342,043	**5,040,083**	**5,339,529**	**5,033,561**

*Intercompany rechargeable expenses represent shared service expenses cross charged from GSK Pharmaceutical Nigeria Ltd for support rendered with respect to the pharmaceutical segment.

Notes to the consolidated and separate financial statements

7 The following represents the Group and Company's selling and administrative expenses (cont'd)

Depreciation and amortisation

	Group		Company	
	31 December 2021 N'000	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Property, plant and equipment	295,227	304,610	295,227	304,610
Right of use asset	124,932	171,037	124,932	171,037
Investment property	14,074	4,325	14,074	4,325
	434,232	**479,972**	**434,232**	**479,972**

Included in the total depreciation and amortisation is ₦304million (2020:₦390million) recognised in cost of sales and 131million(2020:90million) recognised in administrative expenses.

7.1 Expense by nature have been disclosed in the statement of comprehensive income as follows:

	Group		Company	
	31 December 2021 N'000	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Selling and distribution	3,542,294	3,519,762	3,542,294	3,519,762
Administrative expenses	1,799,749	1,520,321	1,797,235	1,513,799
	5,342,043	**5,040,083**	**5,339,529**	**5,033,561**

7.2 Employee benefits expense (continuing operations)

	Group		Company	
	31 December 2021 N'000	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Wages and salaries	1,583,840	1,522,999	1,583,840	1,522,999
Defined contribution	64,067	70,140	64,067	70,140
	1,647,907	**1,593,139**	**1,647,907**	**1,593,139**

	GROUP AND COMPANY	
	31 December 2021 N'000	**31 December 2020 N'000**
8 Investment income		
Interest income on short-term deposits	**93,545**	**71,482**

Notes to the consolidated and separate financial statements

		COMPANY	
		31 December 2021 N'000	31 December 2020 N'000
9	**Other gains and losses**		
	Profit from sale of property, plant and equipment	6,183	4,162
	Realised foreign exchange (losses)/gains	(3,261)	19,898
	Unrealised foreign exchange gains	3,641	7,281
	Provision no longer required:		
	Trade receivables	62,904	71,573
	Other sundry income	37,166	58,059
		106,633	**160,973**

Other sundry income relates to mark up on intercompany cross charges

		COMPANY	
10	**Profit before tax**	31 December 2021	31 December 2020
	Audit fees	24,000	22,500
	Director's remuneration	90,599	73,704
	Net impairment on receivables	24,499	1,921
	Depreciation	434,232	479,972
	Net foreign exchange (gain)/ loss	(380)	(27,179)

Deloitte has not provided any other service apart from Audit services.

11 Taxes

11.1 Income tax recognised in statement of profit or loss

	GROUP		COMPANY	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Current tax				
Current tax expense in respect of the current year:				
Company income tax	57,902	696,079	57,902	696,079
Education tax	9,262	52,014	9,262	52,014
Nigeria police trust fund	44	10	44	10
	67,208	**748,103**	**67,208**	**748,103**
Deferred tax				
Originating and reversing temporary differences	-	-	-	-
Deferred tax charge/(write back)	219,733	(370,111)	219,733	(370,111)
	219,733	**(370,111)**	219,733	**(370,111)**
Total income tax recognised in profit or loss	**286,941**	**377,992**	**286,941**	**377,992**

Company income tax is calculated at 30 per cent (2020: 30 per cent) of the estimated taxable profit for the year. However, if 0.25 per cent (2020: 0.25 per cent) of the gross turnover which is the minimum tax is higher than the company income tax computed, then the minimum tax will represent the tax payable for the current year. The charge for taxation in these financial statements is based on the provisions of the Companies Income Tax Act, CAP C21, LFN 2004 as amended and the Finance Acts.

Notes to the consolidated and separate financial statements

11.1 Income tax recognised in statement of profit or loss (cont'd)

The charge for education tax of 2.5 per cent (2020: 2 per cent) of the estimated assessable profit for the year is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004.

	Statement of financial position:	GROUP		COMPANY	
		31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
11.2	**Current tax liabilities:**				
	At 1 January	782,923	512,791	769,177	499,045
	Tax charge in income statement:				
	Charge in the current year	67,208	748,103	67,208	748,103
		850,131	1,260,894	836,385	1,247,148
	Education tax paid	(52,014)	(39,216)	(52,014)	(39,216)
	Company income tax paid	(695,304)	(438,755)	(695,304)	(438,755)
	At 31s December	**102,813**	**782,923**	**89,067**	**769,177**
11.3	**Deferred tax balances:**				
	Reflected in the statement of financial position as follows:				
	Deferred tax assets	(369,173)	(872,632)	(369,173)	(872,632)
	Deferred tax liabilities	137,950	421,676	137,950	421,676
	Deferred tax assets	**(231,223)**	**(450,956)**	**(231,223)**	**(450,956)**

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Group and Company	At 1 January	Recognised in profit or loss	At 31 December
2021	N'000	N'000	N'000
Property, plant & equipment	319,564	(297,338)	22,226
Provision for increase in stock write-off	(52,300)	38,285	(14,015)
Unrealised exchange gain	71,401	39,617	111,018
Unrealised exchange loss	(540,754)	331,034	(209,720)
Impairment of receivables	(35,480)	(8,516)	(43,996)
Inventory revaluation	(70,318)	70,318	-
Share based expense/net provision	(9,834)	1,293	(8,541)
Provision for returns of damaged goods	(55,240)	(863)	(56,103)
Provision for rebates and allowances	(74,591)	38,280	(36,311)
Right of use assets	30,711	(26,005)	4,706
Lease liability	(34,115)	33,628	(488)
	(450,956)	**219,733**	**(231,223)**
2020			
Property, plant & equipment	314,374	5,190	319,564
Provision for increase in stock write-off	(44,939)	(7,361)	(52,300)
Unrealised exchange gain	-	71,401	71,401
Unrealised exchange loss	(260,825)	(279,929)	(540,754)
Impairment of receivables	(34,865)	(615)	(35,480)
Inventory revaluation	-	(70,318)	(70,318)
Share based expense/net provision	-	(9,834)	(9,834)
Provision for returns of damaged goods	(54,590)	(650)	(55,240)
Provision for rebates and allowances	-	(74,591)	(74,591)
Right of use assets	-	30,711	30,711
Lease liability	-	(34,115)	(34,115)
	(80,845)	**(370,111)**	**(450,956)**

Notes to the consolidated and separate financial statements

11.4 Reconciliation of income tax expense

The income tax expense for the year can be reconciled to the accounting profit as follows:

	GROUP		COMPANY	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Profit before tax	**945,752**	**1,000,222**	**948,266**	**1,001,006**
Income tax expense calculated at 30% (2020: 30%)	283,726	300,067	284,480	300,302
Education tax	18,505	52,014	18,505	52,014
Effect of:				
Exempted income from taxation	(90,110)	(106,533)	(90,110)	(106,533)
Back duty assessment	-	1,102	-	1,102
Non-deductible expenses	17,350	879,145	17,350	879,145
Deferred tax	219,733	(370,111)	219,733	(370,111)
Police trust levy	44	-	44	-
Others	(153,064)	(377,691)	(153,819)	(377,926)
Total income tax expense for the year	**286,941**	**377,992**	**286,941**	**377,992**
Effective tax rate	**34%**	**38%**	**34%**	**38%**

12 Basic earnings per share

	GROUP		COMPANY	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net profit attributable to ordinary equity holders of the parent from continuing operations (N'000)	658,811	622,230	661,325	623,014
Net profit attributable to ordinary equity holders of the parent from continuing and discontinued operations (N'000)	658,811	622,230	661,325	623,014
Weighted average number of ordinary shares for basic earnings per share (N'000)	1,195,876	1,195,876	1,195,876	1,195,876
Basic and diluted earnings per share (kobo)-continuing operations	55	52	55	52
Basic and diluted earnings per share (kobo)-continuing and discontinued operations	55	52	55	52

There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of these consolidated and separate financial statements. There are no potentially dilutive shares at the reporting date thus the Group's diluted earnings per share and basic earnings per share both have the same value.

Notes to the consolidated and separate financial statements

13 Property, plant and equipment Group and Company	Note	Leasehold land N'000	Buildings N'000	Plant and machinery N'000	Construction in progress N'000	Furniture, fittings and equipment N'000	Motor vehicles N'000	Total N'000
Cost:								
At 1 January 2020		461,796	493,369	1,929,229	108,439	939,460	311,249	4,243,541
Additions		-	-	1,932	59,063	-	79,066	140,061
Transfers		4,725	4,238	26,708	(49,679)	14,008	-	-
Reclassification		(476)	(8,434)	644,566		(632,110)	(3,546)	-
Adjustments (Note 13.1)		-	-	(998)	(39,850)	-	-	(40,848)
Transfer to asset held for sale		-	-	-	(26,371)	-	-	(26,371)
Disposals		-	-	-	-	(2,636)	(38,735)	(41,371)
At 31 December 2020		**466,045**	**489,172**	**2,601,437**	**51,601**	**318,722**	**348,035**	**4,275,012**
Additions		-	-	-		-	183,277	183,277
Transfers to investment property		(195,651)	(370,829)	-	-	-	-	(566,480)
Transfers (Note 13.4)		-	-	6,726	(33,126)	26,400	-	-
Adjustments (Note 13.1)		-	-	(2,028)	(18,475)	2,028	-	(18,475)
Transfers to asset held for sale (Note 14)		-	-	(2,497,311)	-	(191,702)	(59,005)	(2,748,018)
Disposals		-	-	-	-	-	(86,940)	(86,940)
At 31 December 2021		**270,394**	**118,343**	**108,824**	**-**	**155,448**	**385,367**	**1,038,376**
Accumulated depreciation:								
At 1 January 2020		136,413	53,912	1,536,568	-	280,588	173,305	2,180,785
Charge for the year		3,090	13,884	218,311	-	14,722	54,602	304,610
Reclassification		(713)	679	(6,642)	-	(3,949)	10,624	-
Disposals		-	-	-	-	(2,635)	(38,735)	(41,370)
At 31 December 2020		**138,791**	**68,475**	**1,748,237**	**-**	**288,725**	**199,797**	**2,444,026**
Charge for the year		4,869	2,363	191,344	-	11,470	85,181	295,227
Transfers		(68,349)	(53,364)	-	-	-		(121,713)
Transfers to asset held for sale (Note 14)		-	-	(1,830,860)		(163,296)	(38,407)	(2,032,563)
Disposals		-	-	-	-	-	(86,940)	(86,940)
Adjustments		-	-	-	-	-	-	-
At 31 December 2021		**75,311**	**17,474**	**108,721**	**-**	**136,899**	**159,631**	**498,037**
Net book value:								
At 31 December 2021		**195,083**	**100,869**	**103**	**-**	**18,549**	**225,736**	**540,339**
At 31 December 2020		**327,255**	**420,697**	**853,200**	**51,601**	**29,997**	**148,238**	**1,830,986**

Notes to the consolidated and separate financial statements

13.1 Adjustments

Adjustments to cost represents spares capitalised as capital work-in-progress in 2020 but written off in the current year because they have been used up during production.

13.2 Assets pledged as security

There was no asset pledged as security for a loan during the year.

13.3 Capital commitments

Capital commitments in respect of property, plant and equipment amounted to Nil (2020: Nil).

13.4 Transfers

Transfers represent items of construction work in progress completed during the year which were transferred to plant & machinery and furniture, fittings & equipment.

13.5 Impairment loss

In 2021, there was no impairment testing carried out because the Agbara plant had been shut down. In 2020, the Company carried out impairment testing on its Agbara plant and equipment. The assets were not impaired. See Note 4 for detail of method used.

Asset Class	31 December 2021 N'000	31 December 2020 N'000
Plant and machinery	-	846,170
Furniture, fittings and equipment	-	5,229
Motor vehicle	-	34,120
Total	**-**	**885,519**

14 Assets held for sale

In line with the shutdown of the manufacturing facility in Agbara, Ogun State, the plant and machinery (N666million), furniture and fittings (N28million), and motor vehicles (N21million) relating to this facility has been presented as asset held for sale. The carrying amount of the assets as at 30 November 2021 was N715million (2020:nil).

	Plant and machinery N'000	Furniture, fittings and equipment N'000	Motor vehicles N'000	Total N'000
Cost				
At 1 December 2020	192,020	-	-	192,020
Additions	26,371	-	-	26,371
At 31 December 2020	**218,391**	**-**	**-**	**218,391**
Transfers from property, plant and equipment (Note 13)	2,497,311	191,702	59,005	2,748,018
At 31 December 2021	**2,715,702**	**191,702**	**59,005**	**2,966,409**
Depreciation:				
At 1 December 2020	192,020	-	-	192,020
Impairment	26,371	-	-	26,371
At 31 December 2020	**218,391**	**-**	**-**	**218,391**
Transfers from property, plant and equipment (Note 13)	1,830,860	163,296	38,407	2,032,563
At 31 December 2021	**2,049,251**	**163,296**	**38,407**	**2,250,954**
Carrying amount:				
At 31 December 2021	**666,451**	**28,406**	**20,598**	**715,455**
At 31 December 2020	**-**	**-**	**-**	**-**

Notes to the consolidated and separate financial statements

15 Right of use assets

The Group has applied the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into either before the date of initial application or after. In general, all leases within the scope of IFRS 16 are required to be brought on to the balance sheet by lessees, recognising a 'right-of-use' asset and a related lease liability at the commencement of the lease. The service charges included in the contract have also been capitalised.

	Buildings
Cost	**N'000**
At 1 January 2020	136,330
Additions	181,343
At 31 December 2020	317,673
Additions	43,441
Disposals (Note 15.1)	(317,674)
At 31 December 2021	**43,441**
Depreciation:	
At 1 January 2020	50,665
Charge for the year	171,037
At 31 December 2020	221,702
Charge for the year	124,932
Disposals (Note 15.1)	(317,674)
At 31 December 2021	**28,960**
Carrying amount	
At 31 December 2021	**14,481**
At 31 December 2020	**95,971**

15.1 Disposals

Right of use assets are recognised as disposal at the expiration of the lease term

16 Investment property

	Leasehold land	Buildings	Total
Cost	**N'000**	**N'000**	**N'000**
At 1 January 2020	-	216,250	216,250
Addition	-	-	-
At 31 December 2020	-	216,250	216,250
Transfers from property, plant and equipment	195,651	370,829	566,480
At 31 December 2021	**195,651**	**587,079**	**782,730**
Depreciation:			
At 1 January 2020	-	57,086	57,086
Charge for the year	-	4,325	4,325
At 31 December 2020	-	61,411	61,411
Charge for the year	2,546	11,528	14,074
Transfers from property, plant and equipment	68,349	53,364	121,713
At 31 December 2021	**70,895**	**126,303**	**197,198**
Net book value:			
At 31 December 2020	-	**154,839**	**154,839**
At 31 December 2021	**124,756**	**460,776**	**585,532**

The warehouse building situated at GSK House, 1, Industrial Avenue, Ilupeju, Lagos State which has been owner-occupied since its acquisition in 2007 was leased on 25 June 2021 and the Agbara land and building in line with the shutdown of the manufacturing operations have been reclassified as investment property. The land and building have been classified as investment property in line with IAS40:8 that states that it should be classified as investment property where there is an undetermined future use. The basis of valuation is the cost model.

Notes to the consolidated and separate financial statements

		GROUP		COMPANY	
		31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
17	**Investment in subsidiary**				
	Investment in subsidiary	-	-	**160**	**160**

This represents investment in Winster Pharmaceuticals Limited, a wholly owned subsidiary company, which is measured at cost. Winster has no turnover for the current year following the sale of its only product to a third party in 2012. The results of the Company have been consolidated in these financial statements. The Directors do not consider Winster Pharmaceutical Limited (the wholly owned subsidiary) to be a going concern.

		GROUP		COMPANY	
		31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
18	**Inventories**				
	Raw materials and consumables	-	1,138,667	-	1,138,667
	Work in progress	-	299,739	-	299,739
	Finished goods	6,045,400	1,792,254	6,045,400	1,792,254
	Engineering spares	-	51,779	-	51,779
	Total inventories	**6,045,400**	**3,282,439**	**6,045,400**	**3,282,439**

		GROUP 31 December, 2021			GROUP 31 December, 2020		
		Consumer N'000	Pharma N'000	Total N'000	Consumer N'000	Pharma N'000	Total N'000
18.1	**Inventories - By Segment**						
	Raw materials and consumables	-	-	-	1,138,667	-	1,138,667
	Work in progress	-	-	-	299,739	-	299,739
	Finished goods	1,998,732	4,046,668	6,045,400	1,216,849	575,405	1,792,254
	Engineering spares	-	-	-	51,779	-	51,779
		1,998,732	**4,046,668**	**6,045,400**	**2,707,034**	**575,405**	**3,282,439**

The cost of inventories from continuing operations recognised as an expense and included in cost of sales amounted to N15.3billion (2020: N14.4billion).

There were some inventories written off to cost of sales in the year 2021 of N152.9million (2020: Nil).

			GROUP		COMPANY	
			31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
19	**Trade and other receivables**					
	Trade receivables		4,351,442	4,169,322	4,351,442	4,169,322
	Receivables from related parties	(Note 27)	279,003	233,163	279,003	233,163
	Employee loans and advances		47,465	58,280	47,465	58,280
	Input Value Added Tax		115,514	-	115,514	-
	Receivables from sales of materials		300,212	-	300,212	-
	Others		77,250	189,189	77,250	189,189
			5,170,886	**4,649,954**	**5,170,886**	**4,649,954**

		GROUP AND COMPANY	
19.1	**Trade receivables**	31 December 2021 N'000	31 December 2020 N'000
	Trade receivables	4,486,815	4,280,195
	Net impairment loss	(135,372)	(110,873)
		4,351,443	**4,169,322**

Trade receivables are non-interest bearing and are generally on 60-day terms. The Group sells through distributors within Nigeria. The Group's policy states that a provision of 100% is made on all receivables over 360 days and other rates detailed in the tables below for invoices overdue for 181 to 360 days, 61 to 180days and 0 to 60 days bracket. The provision matrix is arrived at after incorporating forward-looking information into historical customer default rates and, where appropriate, group receivables into customer segments that have similar loss patterns

Notes to the consolidated and separate financial statements

19.1 Trade receivables (cont'd)

2021

Consumer Segment

	current	*1-30 days overdue*	*31 - 60 days overdue*	*61 - 90 days overdue*	*91 - 180 days overdue*	*181 - 360 days overdue*	*361 - 720 days overdue*	*TOTAL*
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Expected credit loss rate	0.97%	7.01%	15.90%	24.42%	29.88%	58.60%	100.00%	
Estimated gross carrying amount at default	990,702	89,285	26,946	-	-	-	43,437	1,150,370
Twelve months ECL	9,627	6,256	4,285	-	-	-	43,437	**63,606**

Pharmaceutical Segment - Private Companies

	current	*1-30 days overdue*	*31 - 60 days overdue*	*61 - 90 days overdue*	*91 - 180 days overdue*	*181 - 360 days overdue*	*361 - 720 days overdue*	*TOTAL*
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Expected credit loss rate	0.00078%	0.029%	0.13%	0.496%	0.691%	1.112%	100.000%	
Estimated gross carrying amount at default	3,169,092	3,893	-	-	-	-	(21)	3,172,964
Twelve months ECL	25	1	-	-	-	-	(21)	**5**

Pharmaceutical Segment - Public Companies

	current	*1-30 days overdue*	*31 - 60 days overdue*	*61 - 90 days overdue*	*91 - 180 days overdue*	*181 - 360 days overdue*	*361 - 720 days overdue*	*TOTAL*
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Expected credit loss rate	16.44%	24.99%	28.67%	31.82%	35.93%	44.37%	100.000%	
Estimated gross carrying amount at default	72,965	4,314	10,194	4,675	17,991	12,197	42,402	164,739
Twelve months ECL	11,996	1,078	2,922	1,487	6,464	5,412	42,402	**71,761**

TOTAL **135,372**

Notes to the consolidated and separate financial statements

19.1 Trade receivables (cont'd)

2020

Consumer Segment

	current	*1-30 days overdue*	*31 - 60 days overdue*	*61 - 90 days overdue*	*91 - 180 days overdue*	*181 - 360 days overdue*	*361 - 720 days overdue*	*TOTAL*
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Expected credit loss rate	0.020%	2.906%	5.284%	6.782%	10.952%	14.632%	100.000%	
Estimated gross carrying amount at default	1,121,989	18,561	1,544	6,279	168,220	7,641	43,670	1,367,904
Twelve months ECL	220	539	82	426	18,424	1,118	43,670	**64,479**

Pharmaceutical Segment - Private Companies

	current	*1-30 days overdue*	*31 - 60 days overdue*	*61 - 90 days overdue*	*91 - 180 days overdue*	*181 - 360 days overdue*	*361 - 720 days overdue*	*TOTAL*
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Expected credit loss rate	0.00009%	0.024%	0.107%	0.242%	0.451%	0.812%	100.000%	
Estimated gross carrying amount at default	2,815,777	-	-	-	-	(187)	-	2,815,590
Twelve months ECL	2	-	-	-	-	(2)	-	**-**

Pharmaceutical Segment - Public Companies

	current	*1-30 days overdue*	*31 - 60 days overdue*	*61 - 90 days overdue*	*91 - 180 days overdue*	*181 - 360 days overdue*	*361 - 720 days overdue*	*TOTAL*
	N'000	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Expected credit loss rate	4.92%	15.02%	17.37%	21.19%	26.39%	30.52%	100.000%	
Estimated gross carrying amount at default	39,865	2,976	65	(437)	5,163	9,163	39,906	96,701
Twelve months ECL	1,963	447	11	(93)	1,363	2,797	39,906	**46,394**

TOTAL	**110,873**

Notes to the consolidated and separate financial statements

		GROUP AND COMPANY	
		31 December 2021 N'000	31 December 2020 N'000
19.2	**Movement in the allowance for doubtful debts**		
	Balance at 1 January	110,873	108,952
	Additional provision	87,403	73,494
	Recoveries	(62,904)	(71,573)
	Balance at 31 December	**135,373**	**110,873**

		GROUP		COMPANY	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
20	**Other assets**				
	Advance to Vendor	-	55,629	-	55,629
	Advance to bank for bid	130,990	251,248	130,990	251,248
	Prepaid rent	38,894	46,550	38,894	46,550
	Prepaid insurance	15,703	8,898	15,703	8,898
	Other prepayments	17,259	11,450	17,259	11,450
		202,846	**373,775**	**202,846**	**373,775**
	Current	202,846	373,775	202,846	373,775
	Non-current	-	-		-
		202,846	**373,775**	**202,846**	**373,775**

Advance to bank for bid relates to amounts held with bank for participation in foreign exchange bids.

21 Cash and cash equivalents

For the purposes of the consolidated and separate statement of cash flows, cash and cash equivalents include cash and bank balances, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year as shown in the consolidated and separate statement of cash flows can be reconciled to related items in the consolidated and separate statements of financial position as follows:

	GROUP		COMPANY	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Cash at bank:	N'000	N'000	N'000	N'000
Current account balances	10,907,093	11,161,771	10,907,093	11,161,771
Restricted Cash	1,839,477	1,734,971	1,839,477	1,734,971
Cash and cash equivalents	12,746,570	12,896,742	12,746,570	12,896,742
Bank overdraft	-	(11,160)	-	(11,160)
	12,746,570	**12,885,582**	**12,746,570**	**12,885,582**

Restricted cash relates to unclaimed dividend held with the bank.

Notes to the consolidated and separate financial statements

22 Issued capital and share premium

	GROUP		COMPANY	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Authorised shares	**Thousands**	**Thousands**	**Thousands**	**Thousands**
Ordinary shares of 50k each	1,500,000	1,500,000	1,500,000	1,500,000
	N'000	**N'000**	**N'000**	**N'000**
Ordinary shares of 50k each	750,000	750,000	750,000	750,000
22.1 Ordinary shares issued and fully paid	**Thousands**	**Thousands**	**Thousands**	**Thousands**
Ordinary shares of 50k each	1,195,876	1,195,876	1,195,876	1,195,876
	N'000	**N'000**	**N'000**	**N'000**
Ordinary shares of 50k each	597,939	597,939	597,939	597,939
22.2 Share premium	**51,395**	**51,395**	**51,395**	**51,395**

	GROUP		COMPANY	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
23 Trade and other payables	**N'000**	**N'000**	**N'000**	**N'000**
Trade payables	480,899	746,702	480,899	746,702
Amounts due to related parties (Note 27)	11,752,606	9,332,079	11,939,520	9,521,727
Unclaimed dividends	1,274,998	1,280,929	1,274,998	1,280,929
Dividend payable	804,865	582,836	804,865	582,836
VAT payable	-	15,704	-	15,704
Other payables	368,957	528,878	368,957	528,878
Accruals	2,049,525	1,092,515	2,045,861	1,088,631
	16,731,849	**13,579,643**	**16,915,099**	**13,765,407**

Terms and conditions of the above financial and non-financial liabilities:

- Trade payables are non-interest bearing and are normally settled on 60-day terms.
- Other payables and accruals are non-interest bearing and have an average term of six months.
- Terms and conditions relating to related party receivables are disclosed in Note 27

The fair values of trade and other payables are equal to their carrying amounts as the impact of discounting is not considered to be significant.

		GROUP		COMPANY	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
		N'000	N'000	N'000	N'000
23.1 Dividend Payable					
1 January		*582,836*	*277,541*	*582,836*	*277,541*
Dividend declared		*478,351*	*657,732*	*478,351*	*657,732*
Dividend Paid		(256,322)	(352,437)	(256,322)	(352,437)
31 December	Note 23	**804,865**	**582,836**	**804,865**	**582,836**

Notes to the consolidated and separate financial statements

23.2 Unclaimed dividends

These are the amounts returned by the Registrar to the company in line with regulatory requirement.

			GROUP		COMPANY	
			31 December 2021	31 December 2020	31 December 2021	31 December 2020
23.3	**VAT Payable**		**N'000**	**N'000**	**N'000**	**N'000**
	1 January		-	9,476	-	9,476
	Additions		-	196,690	-	196,690
	VAT Paid		-	(147,666)	-	(147,666)
	Input VAT		-	(42,795)	-	(42,795)
	31 December	Note 23	**-**	**15,704**	**-**	**15,704**

		GROUP		COMPANY	
		31 December	31 December	31 December	31 December
23.4	**Pension contribution**	**2021**	**2020**	**2021**	**2020**
		N'000	**N'000**	**N'000**	**N'000**
	At 1 January	-	-	-	-
	Addition during the year	129,832	134,387	129,832	134,387
	Remittance to administrator	(129,832)	(134,387)	(129,832)	(134,387)
	Write back	-	-	-	-
		-	**-**	**-**	**-**

		GROUP AND COMPANY	
24	**Contract liabilities**		
		31 December 2021	31 December 2020
		N'000	**N'000**
	Advance from customers	82,595	9,844
	Trade incentives	8,246	95,762
		90,841	**105,606**

25 Share-based payments

Equity-settled share option plan

The Group does not have an equity settled share option plan.

Cash-settled share-based payments

"In terms of a long-term incentive plan, the eligible members of senior management are entitled to receive cash settled awards at the end of a three year 'restricted period', provided they remain in continuous employment with the Group for the aforesaid period. The value of such incentive is based on the price of shares of GlaxoSmithKline Plc, UK.

The fair value of the amount payable to employees in respect of long-term incentive plan, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is remeasured at each reporting date and at settlement date based on the fair value of the shares of GlaxoSmithKline Plc, UK. Any changes in the liability are recognised in the statement of profit or loss.

Notes to the consolidated and separate financial statements

25 Share-based payments (cont'd)

The Group has recorded liabilities of N26.3million as at 31 December 2021 (2020: N30.7million) and this is included as part of payroll costs in administrative expenses (Note 7). The Group recorded total expenses of N6million in 2021 (2020: N44.4million) respectively, as shown in the table below:

	GROUP AND COMPANY	
	2021	**2020**
	N'000	**N'000**
At 1 January	30,730	-
Expensed during the year	6,027	44,442
Settlement during the year	(10,478)	(13,712)
At 31 December	**26,279**	**30,730**

26 Lease liabilities (Obligation under leases)

The Company recognised lease liabilities in line with IFRS 16 as analysed below. No liability amount was disclosed separately in 2020.

	GROUP AND COMPANY	
	2021	**2020**
	N'000	**N'000**
As at 1 January	106,610	70,176
Additions	43,441	103,502
Accretion of Interest	4,669	39,150
Payments	(153,220)	(106,218)
As at 31 December	**1,500**	**106,610**
Current	1,500	106,610
Non-current	-	-
	1,500	**106,610**

Notes to the consolidated and separate financial statements

27 Related party disclosures (cont'd)

The financial statements include the financial statements of the Company and those of Winster Pharmaceutical Limited, a wholly owned subsidiary which was incorporated in Nigeria. The Group share of the equity of Winster Pharmaceutical Limited remains at 100% throughout all reporting periods shown. There are no restrictions on the ability of the subsidiary to use assets of the Group, or settle its obligations.

The following table provides the total amount of transactions that have been entered into with related parties; as well as the outstanding balances for the transactions as at 31 December 2021 and 31 December 2020.

	GROUP AND COMPANY		GROUP AND COMPANY		GROUP				COMPANY			
	Sales to related parties		Purchases from related parties		Amounts owed by related parties		Amounts owed to related parties		Amounts owed by related parties		Amounts owed to related parties	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Subsidiary:												
Winster Pharmaceuticals Limited:	-	-	-	-	-	-	-	-	-	-	186,913	189,648
Other sister companies:												
GSK Pharmaceutical Nigeria Limited	-	-	-	1,854,181			1,313,612	998,866	-	-	1,313,612	998,866
GSK Biological Manufacturing Limited	-	-	18,758	53,973			27,174	55,942	-	-	27,174	55,942
GSK Consumer Healthcare S.A. Pty Ltd			-	-	-	-	26,278		-	-	26,278	
GlaxoSmithkline Export Limited UK	-	-	8,795,126	4,389,711	-	-	6,293,782	4,830,881			6,293,782	4,830,881
GlaxoSmithKline Consumer Trading Services (JDE)	-	-	2,402,947	1,106,468	279,003	198,850	-	432,852	279,003	198,850	-	432,852
GlaxoSmithkline Limited, Kenya	-	-	-	-	-	1,716	-	-	-	1,716	-	-
Gw South Africa Pty	-	-	-	-	-	-	70,118	29,747	-	-	70,118	29,747
GSK Consumer Holdings US LLC	-	-	-	-	-	-	14,028	-	-	-	14,028	-
GSK CTS Uk	148,456	67,697	-	-	-	-	-	-	-	-	-	-
GSK OPS UK Area	-	-	-	-	-	-	-	-	-	-	-	-
GlaxoSmithKline Consumer Healthcare Pte. Ltd.	-	-	-	-	-	32,597	-	-	-	32,597	-	-
GSK Trading Service	-	-	6,668,301	2,828,746	-	-	3,889,712	2,975,274	-	-	3,889,712	2,975,274
GlaxoSmithKline Consumer Healthcare UK TA	-	-	-	-	-	-	12,435	-	-	-	12,435	-
GlaxoSmithkline Biological SA	-	-	-	-	-	-	11,466	-	-	-	11,466	-
Glaxosmithkline Services Unlimited	-	-	-	-	-	-	94,001	8,517	-	-	94,001	8,517
Total	**148,456**	**67,697**	**17,885,132**	**10,233,079**	**279,003**	**233,163**	**11,752,606**	**9,332,079**	**279,003**	**233,163**	**11,939,520**	**9,521,727**

Transactions and balances receivable and payable at the year are further analysed as follows:

	GROUP		COMPANY	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Receivable from related parties:				
Local	-	-		-
Foreign	279,003	233,163	279,003	233,163
	279,003	**233,163**	**279,003**	**233,163**
Payable to related parties:				
Local	1,313,612	998,866	1,313,612	1,188,514
Foreign	10,438,995	8,333,213	10,625,908	8,333,213
	11,752,606	**9,332,079**	**11,939,520**	**9,521,727**

Notes to the consolidated and separate financial statements

27 Related party disclosures (cont'd)

There were sales to related parties in the year of Nil for the year ended 31 December 2021 (2020: N68million).

The ultimate parent company
The ultimate parent company of the Group is GlaxoSmithKline Plc, United Kingdom.

Terms and conditions of transactions with related parties
"Purchases from related parties are for inventory items as well as IT support services provided.

The Company received credit notes from the trading partners (GSK group) for pricing adjustment amounting to N1.8billion (2020: N170million) applied to cost of sales in (Note 6b).

Outstanding balances at the year end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the period ended 31 December 2021, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2020: Nil). This assessment is undertaken each financial year by examining the financial position of the related party and the market in which the related party operates."

28 Compensation of key management personnel of the Group

	GROUP AND COMPANY	
	2021	2020
	N'000	N'000
Short-term employee benefits	169,942	205,909
Defined contribution	10,879	12,999
Total compensation paid to key management personnel	**180,820**	**218,908**

The amounts disclosed in the table above are the amounts recognised as an expense during the reporting period related to key management personnel.

Key management includes directors and members of senior management.

Other than the disclosures already shown above, there were no other transactions with key management personnel in the year (2020: nil)

29 Directors and employees information

29.1 Employees

The number of full-time persons employed was as follows:

	GROUP AND COMPANY	
	2021	2020
	Number	Number
Administration	10	26
Sales and distribution	26	24
Marketing	3	3
Production	25	60
	64	**113**

Winster Pharmaceuticals Limited does not have employees.

Notes to the consolidated and separate financial statements

29.1 Employees (cont'd)

Decline in number of employees classified as administration and production is as a result of the shutdown of the manufacturing site. A provision has been taken in the books of N471million in cost of sales for employees unpaid as at 31 December 2021.

The number of employees of the Company, other than directors, who earned more than N2m in the year were as follows:

			THE GROUP AND COMPANY	
			2021	**2020**
N		N	**Number**	**Number**
2,000,001	to	2,500,000	-	-
2,500,001	to	3,000,000	-	7
3,000,001	to	3,500,000	-	9
3,500,001	to	4,000,000	1	15
4,000,001	to	4,500,000	6	9
4,500,001	to	5,000,000	4	3
5,000,001	to	5,500,000	3	-
5,500,001	to	6,000,000	1	3
6,000,001	and above		49	67
			64	**113**

29.2 Directors

	2021	2020
The remuneration paid to directors of the Group was:	**90,599**	**73,704**
Fees and other emoluments disclosed above (including pension contribution) includes amounts paid to:		
The Chairman	**7,679**	**8,112**
The highest paid director	**56,411**	**43,190**

The number of directors including the Chairman and the highest paid director who received fees and other emoluments including pension contributions is as follows:

			THE GROUP AND COMPANY	
			2021	**2020**
N		N	**Number**	**Number**
-	to	1,000,000	1	4
1,000,001	to	2,000,000	-	-
2,000,001	to	3,000,000	-	-
3,000,001	to	8,000,000	3	2
8,000,001	to	9,000,000	-	1
9,000,001	to	30,000,000	-	-
30,000,001	and above		3	2
			7	9

Notes to the consolidated and separate financial statements

30 Contingent liabilities

Legal claim contingency
The Group is currently involved in some civil actions in court either as defendant, co-defendant or as plaintiff including those arising from ex-employees' actions after the divestment of the drinks business. The cases are at various stages of adjudication and our solicitors are adequately protecting and promoting our interest. The Group has a total contingent liability amounting to N81million (2020: N100 million). Based on the facts, it is the opinion of the directors that the effect of the current actions will not be material.

31 Financial risk management objectives and policies

The Group is exposed to market risk, credit risk and liquidity risk.

The Group's senior management oversees the management of these risks. The Group's senior management is supported by a Finance Committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The Finance committee provides assurance to the Group's senior management that the Group's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Group policies and risk appetite.

The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

Market risk
Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk. Financial instruments affected by market risk are mainly the Group's loans and receivables and short-term deposits.

(3) Interest rate risk
The Group places surplus funds with its Group Corporate bankers on short term basis. The transaction is strictly between the bank and the Group at a fixed interest rate paid upfront and not affected by fluctuations in rates during the tenor. Each fixed deposit is covered by a certificate of deposit issued by the bank.

(ii) Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (i.e. when revenue/expense and asset/liabilities are denominated in a different currency from the Group's functional currency), the Group's exposure for the reporting periods shown is mainly due to related party receivables and payables denominated in foreign currencies.

The Group manages its foreign currency risk by converting its transactions denominated in foreign currency to its functional currency on the date of receipt of invoice and records any exchange gain or loss on settlement of the invoice as they arise, without hedging. The Group invoices goods to its foreign third party in the functional currency – the Nigerian Naira (NGN). The Group's foreign currency risk is mainly as a result of exposure to the GBP and USD and arises predominantly as a result of amounts receivable and payable to related parties.

	Liabilities		Assets	
	2021	**2020**	**2021**	**2020**
	N'000	**N'000**	**N'000**	**N'000**
USD	10,236,162	9,216,005	279,003	560,012
GBP	132,713	8,517	-	81,958
Others	70,118	35,808	-	-

Notes to the consolidated and separate financial statements

31 Financial risk management objectives and policies (cont'd)

Market risk (cont'd)

The following table details the Group's sensitivity to a 10% increase/decrease in Naira against relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items. The sensitivity analysis includes loans to foreign related parties within the Group where the denomination of the loan is in a currency other than the functional currency of the lender or borrower.

USD IMPACT		GBP IMPACT		OTHERS	
2021	2020	2021	2020	2021	2020
N'000	N'000	N'000	N'000	N'000	N'000
995,716	865,599	13,271	(7,344)	7,012	3,581

The only subsidiary (Winster Pharmaceuticals) does not have any balance denominated in foreign currencies

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and cash and short-term deposit, including deposits with banks, amount due from related parties and staff loans.

The Group manages employee loans by ensuring that each employee does not exceed a loan greater than one-third of his or her net pay, and only employees who meet this requirement receives a loan facility from the Company. Additionally, any employee granted a loan in excess of the above limit must have a staff benefit (defined benefit) as collateral.

In respect of bank balances, the Group maintains balances in Agusto & Co rated banks.

	Credit rating by counter party								
	Unrated	BBB	B-	AAA	AA-	B+	A-	A+	Total
Group	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash in bank and short-term deposits (2021)	-	-	1,544,581	3,737,253	-	2,654,896	-	2,970,362	**10,907,092**
Cash in bank and short-term deposits (2020)	-	-	-	-	8,600,766	-	12	4,295,964	**12,896,742**
Company	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000	N'000
Cash in bank and short-term deposits (2021)	-	-	1,544,581	3,737,253	-	2,654,896	-	2,970,362	**10,907,092**
Cash in bank and short-term deposits (2020)	-	-	-	-	8,600,766	-	12	4,295,964	**12,896,742**

"Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and controls relating to customer credit risk management. Credit quality of the customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment, the Group uses a single credit rating for all its customers. Outstanding customer receivables are regularly monitored by the credit control unit and management conducts frequent reviews. Any shipments to major customers are generally within the credit limits approved by management based on the independent risk assessment of each customer. The credit terms to customers is short to ensure adequate monitoring and early detection of delinquency. At 31 December 2021, the Group had 103 customers. One customer owed the Group N3.7billion which represents 84% of the Group's total trade receivables. The customer's debt is covered by a bank guarantee from a reputable bank. The Group evaluates the concentration of risk with respect to trade receivables as low, as its customers operate in largely independent industries and are located in different jurisdictions.

The directors are of the opinion that there is no credit risk in relation to related party receivables. The Group is in total control of all decisions made by the subsidiary. Historically the parent company has not defaulted in fulfilling its obligations to the Group. Monthly reconciliation and confirmation of balances are carried out with all related parties.

Credit quality policies and procedures as well as management's assessment of the quality of financial assets is the same for all periods presented, except where shown otherwise.

Exposure to credit risk

	GROUP		COMPANY	
The maximum exposure to credit risk at the reporting date was:	**31 December 2021 N'000**	**31 December 2020 N'000**	**31 December 2021 N'000**	**31 December 2020 N'000**
Trade and other receivables (Note 19)	5,170,886	4,649,954	5,170,886	4,649,954
Cash and bank balances (Note 21)	12,746,570	12,885,582	12,746,570	12,885,582
	17,917,456	**17,535,536**	**17,917,456**	**17,535,536**

Notes to the consolidated and separate financial statements

31 Financial risk management objectives and policies (cont'd)

Liquidity risk

The Group monitors its risk to shortage of funds using a recurring liquidity planning tool. The objective is to maintain a balance between working capital and medium-term business expansion funding requirements. Access to sources of short- and medium-term funding is sufficiently available and the Group has secured adequate overdraft facilities with its bankers which have rarely been utilized.

Group

	On demand N'000	3 to 12 months N'000	Total N'000
As at 31 December 2021			
Other current financial liabilities	-	-	-
Trade and other payables	-	16,731,849	16,616,336
	-	16,731,849	**16,731,849**

	On demand N'000	3 to 12 months N'000	Total N'000
As at 31 December 2020			
Other current financial liabilities	-	-	-
Trade and other payables	-	13,579,643	13,579,643
	-	**13,579,643**	**13,579,643**

Company

	On demand N'000	3 to 12 months N'000	Total N'000
As at 31 December 2021			
Other current financial liabilities	-	-	-
Trade and other payables	-	16,915,099	16,915,099
	-	**16,915,099**	**16,915,099**

	On demand N'000	3 to 12 months N'000	Total N'000
As at 31 December 2020			
Other current financial liabilities	-	-	-
Trade and other payables	-	13,765,407	13,765,407
	-	**13,765,407**	**13,765,407**

All financial assets (trade and other receivables, and cash and short-term deposits) are classified as loans and receivables.

All financial liabilities (trade and other payables) are classified as financial liabilities at amortised cost.

Notes to the consolidated and separate financial statements

31 Financial risk management objectives and policies (cont'd)

Financial instrument fair value estimation

a) Financial instrument fair value estimation

The Group holds a number of financial assets.

Fair values of financial assets and financial liabilities

Financial assets utilised by the Group during the years ended 31 December 2021 and 31 December 2020, together with information regarding the methods and assumptions used to calculate fair values, can be summarised as follows:

Current assets and liabilities – Financial instruments/assets included within current assets and liabilities (excluding cash) are generally short-term in nature and accordingly their fair values approximate to their carrying values.

Cash – The carrying value of cash approximates to its fair value because of its short-term nature.

In deriving the fair value, the financial instruments/assets are classified as level 1, 2 or 3 depending on the valuation method applied in determining their fair value.

The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

"Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)"

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

b) Financial liabilities and assets

Set out below is a comparison by category of the carrying values and fair values of all the Group's financial assets and financial liabilities as at 31 December 2021 and 31 December 2020. None of the financial assets and liabilities has been reclassified during the year.

	GROUP		COMPANY	
	Carrying amount and fair value 2020 N'000	**Carrying amount and fair value 2020 N'000**	**Carrying amount and fair value 2020 N'000**	**Carrying amount and fair value 2020 N'000**
Loans and receivables				
- Cash and bank balances	12,746,570	12,896,742	12,746,570	12,896,742
- Trade and other receivables (excluding non-financial assets)	5,170,886	4,649,954	5,170,886	4,649,954
	17,917,456	**17,546,696**	**17,917,456**	**17,546,696**
Financial liabilities				
- Trade and other payables (except non-financial liabilities)	**16,733,349**	**13,697,413**	**16,916,599**	**13,883,177**

Notes to the consolidated and separate financial statements

31 Financial risk management objectives and policies (cont'd)

Capital management
Capital includes equity attributable to the equity holders of the parent.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio within a reasonable level. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents.

	GROUP		COMPANY	
	31 December 2021 N'000	31 December 2020 N'000	31 December 2021 N'000	31 December 2020 N'000
Trade and other payables (Note 23)	16,731,849	13,686,253	16,915,099	13,872,017
Borrowing	-	11,160	-	11,160
	16,731,849	13,697,413	16,915,099	13,883,177
Less: cash and bank balances (Note 21)	12,746,570	12,896,742	12,746,570	12,896,742
Net debt	3,985,279	800,671	4,168,529	986,435
Equity	9,299,450	9,118,990	9,130,105	8,947,132
Capital and net debt	13,284,729	9,919,661	13,298,634	9,933,567
Gearing ratio (Cap to Zero)	**30%**	**8%**	**31%**	**10%**

32 Fair Value of Financial Instrument

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximate their fair values.

33 COVID-19 Impact Assessment

"Given the continued unpredictability of the impact of the outbreak on the global economy in 2021, the following are some of the impacts on GSK's business:

a. Limitations in accessibility of Forex and increased cost of the same placed additional pressure on our inbound shipments for inventory replenishments and production materials.
b. Ancillary costs like freight in the short term leading to additional cost of production

GSK continues to support local and global efforts to tackle the virus while closely monitoring developments around this to enable us respond appropriately to potential risks."

Notes to the consolidated and separate financial statements

34 Impact of the ongoing conflict between Russia and Ukraine

This is an evolving situation and the management will continue to monitor developments for any potential impact and respond appropriately.

35 Events after the reporting date

There were no events occurring after the reporting period that could have a material effect on the state of affairs of the Group as at 31 December 2021 which have not been adequately provided for or disclosed in these financial statements.

36 Financial commitments

The Group makes use of both bills of collection and letter of credits to import products used in the course of production and other materials. There were no open LCs as at 31 December 2021. (2020: N114.9million)

37 Restructure of supply chain operating model

On 2 April 2019, the Group announced the approval of a restructuring of GSK's operating model to better serve Nigerian patients and consumers. The restructuring was effective Q4 2021 and it involves working with local contract manufacturers for the supply of GSK's products, where possible. The local contract manufacturer selected by the Group is Fidson Healthcare Plc.

By 31 December 2021, the Board of Directors had approved the advertisement for sale of the manufacturing site assets excluding land and buildings. The land and buildings have been designated as investment property pending further decision by the Board of Directors.

38 Going concern

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

Consolidated and separated statement of value added (other national disclosures)

	GROUP				COMPANY			
	2021		**2020**		**2021**		**2020**	
	N'000		**N'000**		**N'000**		**N'000**	
Turnover	22,449,824		21,295,249		22,449,824		21,295,249	
Investment income	93,545		71,482		93,545		71,482	
Other gains and losses	106,633		166,711		106,633		160,973	
	22,650,002		21,533,442		22,650,002		21,527,704	
Bought-in-materials								
- Local	(9,172,505)		(8,629,319)		(9,171,330)		(8,626,270)	
- Imported	(10,449,606)		(9,830,790)		(10,448,267)		(9,827,317)	
	(19,622,111)		(18,460,109)		(19,619,597)		(18,453,587)	
Value added	**3,027,891**	**100%**	**3,073,333**	**100%**	**3,030,405**	**100%**	**3,074,117**	**100%**
Applied as follows:								
Employees								
Salaries and benefits	1,647,907	54%	1,593,139	52%	1,647,907	54%	1,593,139	52%
Provider of funds								
Interest	-	-	-	-	-	-	-	-
Government								
Taxation	67,208	2%	748,103	24%	67,208	2%	748,103	24%
The Future								
Depreciation	434,232	14%	479,972	16%	434,232	14%	479,972	16%
Profit or loss account	658,811	22%	622,230	20%	661,325	22%	623,014	20%
Deferred tax	219,733	8%	(370,111)	(12%)	219,733	8%	(370,111)	(12%)
	3,027,891	**100%**	**3,073,333**	**100%**	**3,030,405**	**100%**	**3,074,117**	**100%**

Value added represents the additional wealth which the Group and Company have been able to create by its own and its subsidiary's effort. The Statement shows the allocation of that wealth to employees, government, providers of funds and that retained for future creation of more wealth. This statement is based on continuing operations.

Other national disclosures

Five years financial summary

The Group					
As at 31 December	**2021**	**2020**	**2019**	**2018**	**2017**
Assets employed	**N'000**	**N'000**	**N'000**	**N'000**	**N'000**
Non-current assets	1,371,734	2,532,752	2,391,267	2,361,743	2,314,920
Net current assets	7,954,153	6,616,968	6,761,801	6,578,125	14,857,167
Deferred taxation liability	-	-	-	(107,085)	-
Share based payment liability	(26,279)	(30,730)	-	-	-
	9,299,448	**9,118,990**	**9,153,068**	**8,832,783**	**17,172,087**
Financed by					
Share capital	597,939	597,939	597,939	597,939	597,939
Share premium	51,395	51,395	51,395	51,395	51,395
Retained earnings	8,650,116	8,469,656	8,503,734	8,183,448	16,522,753
	9,299,448	**9,118,990**	**9,153,068**	**8,832,783**	**17,172,087**
Turnover and Profit					
Turnover	22,449,824	21,295,249	20,760,320	18,411,475	16,089,728
Gross profit	6,179,689	5,914,756	6,052,300	5,928,151	4,479,568
Profit before interest charges and taxation	950,421	1,039,372	1,169,331	1,160,154	1,124,269
Interest charges	(4,669)	(39,150)	-	-	-
Profit before taxation	945,752	1,000,222	1,169,331	1,160,154	1,124,269
Taxation	(286,941)	(377,992)	(252,227)	(542,530)	(637,836)
Profit after taxation	**658,811**	**622,230**	**917,104**	**617,624**	**486,433**
Profit before taxation as a percentage of turnover	4%	5%	6%	7%	1%
Proposed dividend***	538,144	478,351	657,732	597,938	478,351
Dividend per share (kobo)	45	40	55	50	40
Earnings per share (kobo)	55	52	77	52	41

*** Proposed dividend represents dividend for the current year but declared and paid during the following year.

Other national disclosures
Five year financial summary

The Company

Assets employed	**2021**	**2020**	**2019**	**2018**	**2017**
	N'000	**N'000**	**N'000**	**N'000**	**N'000**
Non-current assets	1371,734	2,532,912	2,391,427	2,361,903	2,315,080
Net current assets	7,784,651	6,444,950	6,588,998	6,396,373	14,665,137
Deferred taxation liability	-	-	-	(107,085)	-
Share based payment liability	(26,279)	(30,730)	-	-	-
	9,130,105	**8,947,132**	**8,980,425**	**8,651,191**	**16,980,217**
Financed by					
Share capital	597,939	597,939	597,939	597,939	597,939
Share premium	51,395	51,395	51,395	51,395	51,395
Retained earnings	8,480,771	8,297,798	8,331,091	8,001,857	16,330,883
	9,130,105	**8,947,132**	**8,980,425**	**8,651,191**	**16,980,217**
Turnover and Profit					
Turnover	22,449,824	21,295,249	20,760,320	18,411,475	16,089,728
Gross profit	6,179,689	5,914,756	6,052,300	6,052,300	4,479,568
Profit before interest charges and taxation	948,266	1,040,156	1,178,281	1,160,824	1,123,136
Interest charges	(4,669)	(39,150)	-	-	-
Profit before taxation	948,266	1,001,006	1,178,281	1,160,824	1,123,136
Taxation	(286,941)	(377,992)	(252,227)	(542,435)	(637,836)
Profit for the year	**661,325**	**623,014**	**926,054**	**618,389**	**485,300**
Profit before taxation as a percentage of turnover	4%	5%	6%	6%	3%
Proposed dividend***	538,144	478,351	657,732	657,732	478,351
Dividend per share (kobo)	45	40	55	50	40
Earnings per share (kobo)	53	52	77	52	41

*** Proposed dividend represents dividend for the current year but declared and paid during the following year.