

**AFRICAN CONSUMER CARE LIMITED**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31ST MARCH, 2020**

**AFRICAN CONSUMER CARE LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020**

<b>CONTENTS</b>	<b>PAGES</b>
Corporate Informations	1
Directors' Report	2
Statement of Directors Responsibilities	4
Report of the Independent auditors	5
Statement of financial position	7
Statement of Profit and or loss and other comprehensive income	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the IFRS Financial Statements	11

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# **AFRICAN CONSUMER CARE LIMITED**

## **DIRECTORS, PROFESSIONAL ADVISERS AND REGISTERED OFFICE**

### **DIRECTORS**

Mr. Pritam Das Narang  
Mr. Mohit Malhotra  
Mr. Sanjay Kashyap  
Mr. Manish Mathur  
Mr. Krishan Kumar Chutani

### **SECRETARIES**

Optimum Management Associates  
3, Military Street  
Onikan  
Lagos

### **REGISTERED OFFICE:**

Plot B Alakoso Avenue, Olympic Street  
Amuwo Odofin Industrial Area,  
Festac Town,  
Lagos

### **AUDITORS:**

Messrs. AOOA & Associates  
(Chartered Accountants)  
10th Floor  
8/10 Broad Street  
Lagos.

### **PRINCIPAL BANKER:**

Access Bank Plc  
First Bank Plc  
First City Monument Bank Plc  
Standard Chartered Bank Plc  
Zenith Bank Plc

## **AFRICAN CONSUMER CARE LIMITED**

### **DIRECTORS REPORT** **FOR THE YEAR ENDED 31ST MARCH, 2020**

The Directors submit their Annual Report together with the Audited Financial Statements for the year ended 31st March, 2020.

#### **1 OPERATING RESULT**

Loss for the period	N (43,433,413)
Taxation	(15,141,677)
Loss After Taxation	<u>(58,575,090)</u>

#### **2 LEGAL FORM**

The Company was incorporated in Nigeria as a Private Company Limited by shares on the 11th June, 2004.

#### **3 PRINCIPAL ACTIVITIES AND BUSINESS**

The Company is engaged in the manufacturing of beauty and health care products.

#### **4 SHAREHOLDINGS**

The Company's Shares are held by the underlisted Shareholders as at 31st March, 2019

	<i>Class</i>	<i>No. of Shares</i>	<i>Status</i>
Dabur International Limited	Ordinary	236,992,414	Foreign
Dabur UK Limited	Ordinary	4,405,000	Foreign
Dabur International Limited	Preference	1,478,903,000	Foreign
		<u>1,720,300,414</u>	

#### **5 DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for the preparation of financial statements in accordance with the accounting standards issued by Financial Reporting Council of Nigeria and to ensure compliance with the provisions of the Companies and Allied Matters Act CAP C20 LFN2004. The Directors are of the view that the Company will continue in business hence the use of the "going concern basis" in the preparation of the financial statements. The Directors hereby give assurances that:-

- \* Proper accounting records were maintained;
- \* Internal control procedures instituted are adequate to safeguard the assets, prevent and detect fraud and other irregularities.
- \* Applicable accounting standards were followed;
- \* Judgments and estimates made are reasonable and prudent.

**DIRECTORS REPORT**  
**FOR THE YEAR ENDED 31ST MARCH, 2020**

**6 DIRECTORS**

The following persons served on the Company's Board during the period under review:-

Mr. Pritam Das Narang (Indian)  
Mr. Mohit Malhotra (Indian)  
Mr. Sanjay Kashyap (Indian)  
Mr. Manish Mathur (Indian)  
Mr. Krishan Kumar Chutani

**7 Employees' Involvement and Training**

- a. It is the Company's Policy to adequately train its manpower for better result. In that regard, efforts would be made to continue to improve staff welfare and encourage staff participation in decisions affecting them.

**Employment of Disabled Persons**

- b. It is the policy of the Company that there should be no discrimination in considering applications for employment including those from disabled persons.

**8 AUDITORS**

In accordance with Section 357(2) of the Companies and Allied Matters Act, CAP 20 LFN 2004, *Messrs AOOA & Associates* (Chartered Accountants), have indicated their willingness to continue in office.

Dated this day of 16th July, 2020

**OPTIMUM MANAGEMENT ASSOCIATES**

**Secretaries**

## **AFRICAN CONSUMER CARE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31ST MARCH, 2020**

The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the period. The responsibilities include ensuring that the Company:

- a) keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company and comply with the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and International Financial Reporting Standards;
- b) establish adequate internal controls to safeguard its assets and to prevent and detect fraud and other irregularities; and
- c) prepare its financial statements using suitable accounting policies supported by reasonable and prudent judgments and estimates, and are consistently applied.

The Directors accept responsibility for the financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgments and estimates, in conformity with International Financial Reporting Standards and the requirements of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004 and the Financial Reporting Council Act No. 6, 2011.

The Directors are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Company for the year ended 31st March 2020. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate systems of internal financial control.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of this statement.

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director



(Chartered Accountants & Tax Practitioners)

Head Office: 10th Floor, 8/10, Broad Street, Lagos. Tel: 0802 313 8448.

Mainland Office: 21, Alao Street, Off Osolo Way, Ajao Estate, Lagos. Tel: 0805 228 2616, 0803 301 7060

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

### AFRICAN CONSUMER CARE LIMITED

#### REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of *African Consumer Care Limited* which comprise the statement of financial position as at 31st March, 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20, Law of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No. 6, 2011 and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

#### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

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

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

#### OPINION

In our opinion, the financial statements give a true and fair view of the financial position of *African Consumer Care Limited* as at 31st March, 2020 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, the provisions of the Companies and Allied Matters Act, CAP C20, Law of the Federation of Nigeria 2004 and in compliance with the Financial Reporting Council Act, No. 6, 2011.



**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
AFRICAN CONSUMER CARE LIMITED- Continued**

**REPORT ON THE ENABLING ACT AND REGULATORY REQUIREMENTS**

In accordance with the requirement of Schedule 6 of the Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria 2004, we confirm that,

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

**AOCOA ASSOCIATES  
(Chartered Accountants)  
LAGOS – NIGERIA**

**July 16, 2020**



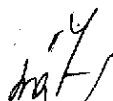


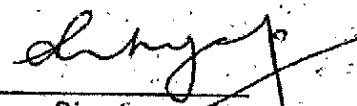
AFRICAN CONSUMER CARE LIMITED

STATEMENT OF FINANCIAL POSITION  
AS AT 31ST MARCH, 2020

	Note	31/03/2020 N	31/03/2019 N
<b>Non-current assets</b>			
Property, plant and equipment	11	943,077,288	1,031,952,389
Intangible Assets	12	6,776,662	-
<b>Total non-current assets</b>		<b>949,853,950</b>	<b>1,031,952,389</b>
<b>Current assets</b>			
Inventories	13	762,496,736	678,674,837
Trade receivables	14	204,702,488	164,209,980
Other assets	15	182,454,792	492,808,808
Cash and bank balances	16	303,936,942	359,836,822
<b>Total current assets</b>		<b>1,453,590,956</b>	<b>1,695,530,447</b>
<b>Total assets</b>		<b>2,403,444,906</b>	<b>2,727,482,836</b>
<b>Equity</b>			
Share capital	18	1,720,300,414	1,720,300,414
Retained earnings	19	(79,414,981)	(20,839,891)
<b>Total equity</b>		<b>1,640,885,433</b>	<b>1,699,460,523</b>
<b>Non-current liabilities</b>			
Retirement benefit obligation	20.2	31,262,325	21,669,994
		<b>31,262,325</b>	<b>21,669,994</b>
<b>Total non-current liabilities</b>		<b>31,262,325</b>	<b>21,669,994</b>
<b>Current liabilities</b>			
Trade and other payables	17	716,155,470	1,004,969,118
Taxation payable	10.3	15,141,678	1,383,201
<b>Total current liabilities</b>		<b>731,297,148</b>	<b>1,006,352,319</b>
<b>Total liabilities</b>		<b>762,559,473</b>	<b>1,028,022,313</b>
<b>Total equity and Liabilities</b>		<b>2,403,444,906</b>	<b>2,727,482,836</b>

The financial statements were approved by the board of directors and authorised for issue on 16th July, 2020. They were signed on its behalf by:

  
Director

  
Director

**AFRICAN CONSUMER CARE LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31ST MARCH, 2020**

	Note	12 Months Ended 31/03/2020 N	12 Months Ended 31/03/2019 N
Revenue	5	2,685,595,925	1,997,469,643
Cost of sales	6	(1,808,594,862)	(1,260,337,850)
Gross Profit		877,001,063	737,131,793
Administrative expenses	8	(589,049,736)	(525,985,504)
Selling and Distribution expenses		(325,042,018)	(252,021,766)
Operating Profit/(Loss)		(37,090,691)	(40,875,477)
Other income/(charges)	7	(6,342,722)	(6,381,759)
Profit/(Loss) before tax		(43,433,413)	(47,257,236)
Income Tax	10.1	(15,141,677)	(1,383,201)
Profit/(Loss) for the period		(58,575,090)	(48,640,437)
Other comprehensive income			
Total Comprehensive Profit/(Loss) for the Year		(58,575,090)	(48,640,437)

The statement of significant accounting policies on pages 11 to 23 and the accompanying explanatory notes on pages 24 to 39 form an integral part of these financial statements.

# AFRICAN CONSUMER CARE LIMITED

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2020

Equity attributable to equity holders	Share capital N	Retained earnings N	Total N
Balance at 31 March 2018	1,629,007,414	27,800,546	1,456,110,664
Issue of share capital	91,293,000		91,293,000
Loss for the period		(48,640,437)	(48,640,437)
Balance at 31 March 2019	1,720,300,414	(20,839,891)	1,498,763,228
Loss for the period		(58,575,090)	(58,575,090)
Balance at 31 March, 2020	1,720,300,414	(79,414,981)	1,440,188,137

The accompanying notes on pages 11 to 39 form an integral part of these financial statements.

# AFRICAN CONSUMER CARE LIMITED

## STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

	Note	31/03/2020 N	31/03/2019 N
<b>Cashflow from operating activities</b>			
Cash received from customers		2,659,768,307	2,008,884,459
Cash paid to suppliers and employees		<u>(2,677,865,584)</u>	<u>(1,795,631,980)</u>
Cash generated from operations	22	(18,097,277)	213,252,480
Income taxes paid		<u>(1,383,200)</u>	<u>(3,939,382)</u>
<b>Net cash generated by/(used in) operating activities</b>		<u>(19,480,477)</u>	<u>209,313,098</u>
<b>Cashflow from Investing activities</b>			
Purchase of property, plant and equipment		(30,045,653)	(42,384,093)
Purchase of Intangible Assets		(8,366,250)	-
Proceed on Sale of PPE		1,992,500	11,528,064
Interest Income		-	621
<b>Net cash used in Investing activities</b>		<u>(36,419,403)</u>	<u>(30,855,407)</u>
<b>Cashflow from financing activities</b>			
Proceed from Share capital Issued		-	91,293,000
<b>Net cash generated by financing activities</b>		<u>-</u>	<u>91,293,000</u>
<b>Net Increase/(decrease) in cash and cash equivalents</b>		(55,899,880)	269,750,690
Cash and cash equivalents at beginning of the year		<u>359,836,821</u>	<u>90,086,131</u>
<b>Cash and cash equivalents at end of the year</b>	16	<u>303,936,941</u>	<u>359,836,821</u>

# **AFRICAN CONSUMER CARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

### **1. Description of business**

African Consumer Care Limited was Incorporated as a private Company Limited by Shares on the 11th June, 2004

The company's registered office is located at Plot B, Alakoso Avenue, Olympic street, Amuwo Odofin Industrial Estate, Festac Town, Lagos.

The company is principally engaged in manufacturing of beauty and health care.

### **1.1 Composition of financial statements**

The financial statements are drawn up in naira, the functional currency of African Consumer Care Limited in accordance with International Financial Reporting Standards (IFRS). The company's financial statements is prepared under IFRS and comprise:

- Statement of profit or loss and other comprehensive Income
- Statement of financial position
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements.

### **1.2 Basis of preparation**

The financial statements have been prepared using the historical cost convention as stated in the accounting policies.

### **1.3 Financial period**

These financial statements cover the financial period ended 31st March, 2020 and applicable amounts for the financial period ended 31 March 2019.

### **1.4 Statement of compliance**

These financial statements have been prepared in accordance with International Financial reporting Standards.

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### 2 Adoption of new and revised International Financial Reporting Standards (IFRSs)

#### Accounting standards and Interpretations issued but not yet effective

The following revisions to accounting standards and pronouncements were issued but are not yet effective. Early adoption is permitted for some of the IFRSs and IFRIC Interpretations listed below. However, the company has not applied any in the preparation of these financial statements.

The full impact of these IFRSs and IFRIC Interpretations is currently being assessed by the company, but none of these pronouncements are expected to result in any material adjustments to the financial statements.

Pronouncement	Nature of change	Applicable date
IFRS 16 Leases	IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether and Arrangement contains a Lease, SIC-5 Operating Leases - Incentives and SIC-27 Evaluating the substance of Transactions Involving the legal Form of a Lease. IFRS 16 sets out the principle for recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to accounting for leases under IAS 17. The standard includes two recognition exemptions for leases - leases of low value assets (e.g. personal computers) and short term leases (i.e., leases with a lease term of 12 months or less). At the commencement of date of a lease, a lessee will recognise a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right of use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right of use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in the future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right of use asset. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. Early application is permitted, but not before and entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach.	Applicable on or after 1 January 2019

## **AFRICAN CONSUMER CARE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

#### **3. Significant accounting policies**

##### **3.1 Statement of Compliance**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

##### **3.3 Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

Revenue represents net sales invoiced to third parties and the ability to collect the related receivables is reasonably assured.

##### **3.3.1 Revenue from sale of goods**

Revenue from the sale of goods is recognised when all the following conditions are

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **3.3.2 Interest Income**

Interest income from financial assets is recognised when it is probable that the economic benefits will flow to the company and the amount can be reliably measured.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

##### **3.4 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

## **AFRICAN CONSUMER CARE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

#### **The company as lessee**

Assets held under finance leases are initially recognised as assets of the company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

#### **3.5 Foreign currency translation**

The financial statements of African Consumer Care Limited are presented in Naira, which is the company's functional currency. In preparing the financial statements, transactions in currencies other than the company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions.

Monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at each reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Any resulting exchange differences are included in administration expenses in the statement of profit or loss. Non-monetary items of historic cost, that are denominated in foreign currency, are translated at the date of the original transaction, and are not re-translated.

Exchange differences arising on the settlement of monetary items are included in the statement of profit or loss for the year.



# **AFRICAN CONSUMER CARE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

### **3.6 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### **3.6.1 Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statement of profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

#### **3.6.2 Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to

**AFRICAN CONSUMER CARE LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST MARCH, 2020**

**3.7 Earnings per share**

Earnings per share is calculated by dividing net income by the number of ordinary shares outstanding during the period.

**3.8 Employee Benefits**

**3.8.1 Defined Contribution Plans**

Payments to defined contribution retirement benefit plans are recognised as an expense in the period in which employees have rendered services entitling them to the contributions.

**3.8.2 Defined benefit plans**

The cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. Remeasurement comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest) is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as (a) Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements); (b) Net interest expense or income; and (c) Remeasurement.

The company presents the first two components of defined benefit costs in statement of profit or loss as staff gratuity cost.

**3.8.3 Other employee benefits**

Other short and long-term employee benefits, are recognised as an expense over the period in which they accrue.

**3.9 Inventories**

Inventories are valued at the lower of cost and estimated net realizable value. The cost of products manufactured by the Company comprises direct material and labour costs together with appropriate factory overheads. The cost of raw materials and goods for resale is determined on a weighted average basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal. Inventory held as consignment stock is recognised as an asset in the balance sheet at cost, as the risks and rewards of ownership have been transferred to the Company. A corresponding liability is also recognized in the balance sheet.

**3.10 Property plant and equipment**

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of self-constructed assets includes the costs of materials and direct labour. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

## AFRICAN CONSUMER CARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the company's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation on other assets is charged to the income statement using the straight-line method so as to write off the cost less their residual values over their estimated useful lives on the following bases:

	Useful Life (years)
Factory Building	20
Plant and machinery	10
Computer	4
Motor Vehicles	2 - 5
Furniture fittings and equipment	10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit or loss.

#### 3.11 Intangible assets

##### 3.11.1 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### Computer Software Costs

Costs associated with maintaining computer software programs are recognised as an expense as incurred

Costs that are directly associated with identifiable and unique software products controlled by the company and will probably generate economic benefits beyond one years are recognised as intangible assets.

Expenditures which enhance or extend the performance of computer software programs beyond their original specifications are capitalised and added to the original cost of the software. Computer software development costs recognised as assets are amortized using the straight-line method over their useful lives.

## **AFRICAN CONSUMER CARE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

#### **3.11.2 Derecognition of Intangible assets**

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### **3.12 Impairment of tangible and intangible assets excluding goodwill**

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate independent cash flows from other assets, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

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

#### **3.13 Provisions**

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, and it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as provisions is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cashflows estimated to settle the present obligation, its carrying amount is the present value of these cashflows (when the effect of the time value of money is material).

## **AFRICAN CONSUMER CARE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

#### **3.14 Financial Instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition, except for transaction costs relating to financial assets or financial liabilities at fair value through profit or loss, which are recognised immediately in profit or loss.

##### **3.14.1 Financial assets**

Financial assets are classified into: (a) loans and receivables, (b) held-to-maturity investments (c) Available-for-sale and (d) financial assets at fair value through profit or loss. Financial assets are subsequently measured based on their nature and purpose as determined at initial recognition. The company does not have financial assets classified as available for sale, held-to-maturity and at fair value through profit or loss.

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### • **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including [trade and other receivables and cash and bank balances] are subsequently measured at amortised cost using the effective interest method, less any impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance cost in the income statement. The losses arising from impairment are recognised in the income statement in finance costs. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

### • **Cash and cash equivalents**

Cash and cash equivalents are comprised of cash in hand and highly liquid short-term investments that are easily convertible into known amounts of cash and are subject to insignificant risks of changes in value.

### • **Impairment of Loans and receivables**

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases as a result of an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

### • **Derecognition of financial assets**

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

## **AFRICAN CONSUMER CARE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the company retains an option to repurchase part of a transferred asset), the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

## **AFRICAN CONSUMER CARE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

#### **3.15 Financial Liabilities and equity instruments**

##### **3.15.1 Classification as equity**

Equity instruments issued by the entity are classified as equity in accordance with the substance of the contractual arrangement and definition of equity instrument.

##### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received, net direct issue cost.

##### **3.15.2 Financial liabilities**

Financial liabilities are classified as either at 'FVTPL' or other financial liabilities. The entity has no financial liabilities classified as 'FVTPL'.

- **Other financial liabilities**

Other financial liabilities (including borrowings and trade and other payables) are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

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

- **Derecognition of financial liabilities**

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.



## **AFRICAN CONSUMER CARE LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**

#### **4 Critical accounting judgements and key sources of estimation uncertainty**

In the application of the company's accounting policies, described in note 3, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### **4.2 Key sources of estimation uncertainty**

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 discussed below.

##### **4.2.1 Defined benefit Obligation assumptions**

###### **4.2.1a Gratuity - Non Statutory**

Under the Nigerian Labour practice and based on agreements entered into with labour unions on retirement benefits, gratuity is payable to an employee after the completion of five (5) years service. It therefore follows that any employee that serves for less than five (5) years will not be entitled to gratuity on leaving the company's employment. The company's policy is to make annual provision based on industry practice for plastic manufacturers.

The subsequent provisions when the obligations becomes due will take into account the following assumptions namely: the discount rate, Labour turnover rate, inflation rate and the salary growth rate after the current year.

###### **4.2.1b Defined contribution plans - Statutory**

The company makes deductions in accordance with the Pension Reform Act of 2004. The employees and the employer contributed 8% and 10% respectively on basic, housing and transport allowances. The company's contribution to the pension scheme is charged to the statement of profit or loss account.

The only obligation of the company with respect to the retirement benefit plan is to make the specified contributions.

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31/03/2020 N	31/03/2019 N
<b>5 Revenue</b>		
Sale of Goods - Domestic	2,591,661,835	1,997,469,643
Sale of Goods - Export	93,934,090	-
	<u>2,685,595,925</u>	<u>1,997,469,643</u>
<b>6 Production cost</b>		
Opening raw material	433,581,298	573,819,879
Purchases	1,702,800,170	910,973,531
	<u>2,136,381,468</u>	<u>1,484,793,410</u>
Less closing raw material	(524,019,890)	(433,581,298)
Raw materials consumed	<u>1,612,361,578</u>	<u>1,051,212,112</u>
<b>Conversion cost</b>		
Production wages	59,037,192	44,861,100
Production overheads	107,260,297	63,947,715
Depreciation	46,377,037	52,949,083
	<u>1,825,036,104</u>	<u>1,212,970,010</u>
Opening work in progress	7,036,659	10,356,802
Closing work in progress	(4,407,861)	(7,036,659)
Production cost	<u>1,827,664,902</u>	<u>1,216,290,153</u>
<b>Cost of sales</b>		
Opening finished goods	91,382,375	135,430,072
Production cost	<u>1,827,664,902</u>	<u>1,216,290,153</u>
	<u>1,919,047,277</u>	<u>1,351,720,225</u>
Less closing finished goods	(110,452,415)	(91,382,375)
	<u>1,808,594,862</u>	<u>1,260,337,850</u>
<b>7 Other income and charges</b>		
	31/03/2020 N	31/03/2019 N
Sales Of Scrap	1,328,350	5,977,183
Interest received	-	821
Miscellaneous Receipts/charges	387	195,252
Profit on sale of Fixed Assets	1,008,126	3,253,232
Exchange Loss	(8,679,585)	(15,808,047)
	<u>(6,342,722)</u>	<u>(6,381,759)</u>

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31/03/2020 N	31/03/2019 N
<b>5 Revenue</b>		
Sale of Goods - Domestic	2,591,661,835	1,997,469,643
Sale of Goods - Export	93,934,090	-
	<u>2,685,595,925</u>	<u>1,997,469,643</u>
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Less closing raw material	(524,019,890)	(433,581,298)
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	<u>1,919,047,277</u>	<u>1,351,720,225</u>
Less closing finished goods	(110,452,415)	(91,382,375)
	<u>1,808,594,862</u>	<u>1,260,337,850</u>
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Sales Of Scrap	1,328,350	5,977,183
Interest received	-	621
Miscellaneous Receipts/charges	387	195,252
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Exchange Loss	(8,679,585)	(15,808,047)
	<u>(6,342,722)</u>	<u>(6,381,759)</u>

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31/03/2020 N	31/03/2019 N
<b>8 Administrative expenses</b>		
Staff cost	161,233,676	153,989,613
Rental Charges	24,072,556	59,955,266
Legal & professional fees	28,182,963	10,619,386
Establishment Charges	242,254,646	183,899,702
Audit Fees	4,031,250	3,937,500
Bank charges	56,125,714	51,838,702
Amortization - Intangible Assets	1,589,588	-
Asset Impaired	8,412,525	-
Depreciation	63,146,818	61,745,335
	<b>589,049,736</b>	<b>525,985,504</b>
<b>8.1 Staff Cost Details</b>		
Salaries and Allowances	146,070,921	146,466,653
Pension	5,670,424	4,428,357
Gratuity	9,592,331	3,094,603
	<b>161,233,676</b>	<b>153,989,613</b>
<b>9 Selling and Distribution expenses</b>		
Selling expenses	298,272,757	240,954,602
Distribution expenses	26,769,261	11,067,164
	<b>325,042,018</b>	<b>252,021,766</b>
<b>10 Taxation</b>		
<b>10.1 Income tax recognised in profit or loss</b>		
<i>Current tax</i>		
Current tax expense in respect of the current year:		
Income tax-30%	1,713,698	1,383,201
Education tax-2%	13,427,980	-
Minimum tax	15,141,677	1,383,201
Current tax liability	-	-
Deferred Tax	-	-
Total tax assets credited to the profit or loss	<b>15,141,677</b>	<b>1,383,201</b>

The company is subjected to minimum tax in line with the amendment to Company Income Tax Act Cap 60 LFN 1990 as contained in Finance bill 2019.

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### 10 Taxation (contd)

#### 10.2 Current tax rates

Corporation tax is calculated at 30 per cent (2019: 30 per cent) of the estimated taxable profit for the 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.

The charge for education tax of 2 per cent (2019: 2 per cent) is based on the provisions of the Education Tax Act, CAP E4, LFN, 2004.

#### 10.3 Taxation Payable

	31/03/2020	31/03/2019
	N	N
At 1 April	1,383,201	-
Charged for the year	15,141,677	1,383,201
Payments during the year	(1,383,200)	-
At 31 March	<u>15,141,678</u>	<u>1,383,201</u>

#### 10.4 Deferred taxation

	31/03/2020	31/03/2019
	N	N
At 1 April	222,343,428	163,976,390
Charge/(write back) in the year	<u>31,220,357</u>	<u>58,367,038</u>
At 31 March	<u>253,563,785</u>	<u>222,343,428</u>

The deferred tax computation resulted to a deferred tax Asset of N253,563,785 for the period ended 31st March 2020. The company did not include in the financial statement the deferred tax assets shown above.

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### 11 Property, plant and equipment

	Freehold land & Building N	Plant and machinery N	Furniture and Equipment N	Computer Equipment N	Motor vehicles N	Moulds N	Total N
At 1 April 2019	917,704,221	630,023,827	34,727,529	14,842,034	100,695,286	10,156,145	1,708,149,042
Additions	2,739,286	8,813,467	1,262,600	3,165,550	14,064,750	-	30,045,653
Disposal	-	(18,450,004)	(8,229,057)	(4,044,656)	(16,611,000)	-	(16,611,000)
Derecognition	-	-	-	-	(19,630,000)	-	(50,353,719)
At 31 March 2020	920,443,507	620,387,290	27,761,072	13,962,926	78,519,036	10,156,145	1,671,229,976
At 1 April 2019	271,430,199	302,696,275	19,014,334	10,322,990	71,915,898	816,959	676,106,653
Charged for the year	40,289,392	46,377,037	2,471,560	2,431,927	16,989,224	964,715	109,523,855
Disposal	-	(17,388,061)	(5,938,890)	(3,593,586)	(15,626,626)	-	(15,626,626)
Derecognition	-	331,685,251	15,547,004	9,161,351	58,257,817	1,781,674	(41,941,194)
At 31 March 2020	311,719,591	331,685,251	15,547,004	9,161,351	58,257,817	1,781,674	728,152,698
Carrying amount	608,723,916	288,702,039	12,214,068	4,801,575	20,261,219	8,374,471	943,077,288
At 31 March 2020	646,274,022	327,327,652	15,713,195	4,519,044	28,779,390	9,339,166	1,031,952,389
At 31 March, 2019							

11.1 The following estimated useful lives were used in the computation of depreciation charge during the year:

Class	Useful lives
Freehold Land	Nil
Building	20 years
Moulds	12 years
Plant and Machinery	10 years
Furniture and Equipment	10 years
Computer Equipment	4 years
Motor Vehicles	2 - 5 years

11.2 Impairment losses recognised in the year  
There were no impairment losses recognized during the year.

### 11.3 Contractual commitments

At 31st March 2020, the company had no contractual commitments for the acquisition of property, plant and equipment (March 2019: Nil).

### 11.4 Capital Work - In - Progress

This represents cost of works yet to be capitalised. No depreciation charge has been recognised on this item.

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### 11 Property, plant and equipment

	Freehold land & Building N	Plant and machinery N	Furniture and Equipment N	Computer Equipment N	Motor vehicles N	Moulds N	Total N
At 1 April 2019	917,704,221	630,023,827	34,727,529	14,842,034	100,695,286	10,156,145	1,708,149,042
Additions	2,739,286	8,813,467	1,262,600	3,165,550	14,064,750	-	30,045,653
Disposal	-	(18,450,004)	(8,229,057)	(4,044,656)	(16,611,000)	-	(50,353,719)
Derecognition	-	-	-	-	(19,630,000)	-	(19,630,000)
At 31 March 2020	920,443,507	620,387,290	27,761,072	13,962,926	78,519,036	10,156,145	1,671,229,976
At 1 April 2019	271,430,199	302,696,275	19,014,334	10,322,990	71,915,896	816,959	676,196,653
Charged for the year	40,289,392	46,377,037	2,471,560	2,431,927	16,969,224	964,715	109,523,855
Disposal	-	(17,368,061)	(5,938,890)	(3,993,556)	(15,020,677)	-	(41,941,194)
Derecognition	-	-	-	-	-	-	-
At 31 March 2020	311,719,591	331,685,251	15,547,004	9,161,351	58,257,817	1,781,674	728,152,688
Carrying amount							
At 31 March 2020	608,723,916	289,702,039	12,214,068	4,801,575	20,261,219	8,374,471	943,077,288
At 31 March, 2019	646,274,022	327,327,552	15,713,195	4,519,044	28,779,390	9,339,185	1,031,952,389

11.1 The following estimated useful lives were used in the computation of depreciation charge during the year:

Class	Useful lives
Freehold Land	NH
Building	20 years
Moulds	12 years
Plant and Machinery	10 years
Furniture and Equipment	10 years
Computer Equipment	4 years
Motor Vehicles	2 - 5 years

11.2 Impairment losses recognised in the year  
There were no impairment losses recognized during the year.

### 11.3 Contractual commitments

At 31st March 2020, the company had no contractual commitments for the acquisition of property, plant and equipment (March 2019: Nil).

### 11.4 Capital Work - In - Progress

This represents cost of works yet to be capitalised. No depreciation charge has been recognised on this item.

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

<b>12 Intangible assets</b>	<b>computer software N'000</b>	<b>Total N'000</b>
<b>Cost</b>		
At 1 April 2019		
Additions	8,366,250	8,366,250
At 31st March 2020	<u>8,366,250</u>	<u>8,366,250</u>
<b>Accumulated amortisation</b>		
At 1 April 2019		
Amortisation charge	1,589,588	1,589,588
At 31st March 2020	<u>1,589,588</u>	<u>1,589,588</u>
<b>Net book value</b>		
At 31st March 2020	<u>6,776,662</u>	<u>6,776,662</u>
At 31st March 2019		
	<b>31/03/2020 N</b>	<b>31/03/2019 N</b>
<b>13 Inventories</b>		
Raw materials	524,019,890	433,581,298
Finished Goods	110,452,415	91,382,375
Traded Goods	43,279,480	26,103,389
Work In Progress	4,407,861	7,036,659
Consumables	1,840,872	1,830,596
Goods- In - Transit	<u>115,439,971</u>	<u>118,740,520</u>
	799,240,489	678,674,837
Provision for Inventory Impairment	<u>(36,743,753)</u>	
	<u>762,496,736</u>	<u>678,674,837</u>
No item of inventories was pledged as a collateral.		
<b>14 Trade and other receivables</b>		
Trade receivables	204,702,486	164,209,980
	<u>204,702,486</u>	<u>164,209,980</u>

The directors consider that the carrying amount of trade and other receivables is approximately equal to their fair value.

### 14.1 Trade and other receivables

#### Trade receivables

Trade receivables disclosed above are classified as trade and other receivables and are therefore measured at

The average credit period taken on sales of goods is 30 days. No interest is charged on the overdue receivables. The company recognises allowance for doubtful debts of 100% against all receivables over 365 days. It is the company's policy to make full provision for debts above 365 days as prudence demands that a customer that fails to service his debts for 12 months is unlikely to pay. Also when ever there is doubt over the recoverability of a receivable that is less than 360 days an allowance is also made.

Before accepting any new distributor, the company ensures that the distributor credit rating is within the credit threshold established by management for specific credit period and credit limit.



# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31/03/2020 N	31/03/2019 N
<b>14.1 Trade receivables - continue</b>		
Trade receivables disclosed above include amounts (see below for aged analysis) which are past due at the reporting date but against which the company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable. The company does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the company to the distributor. The average age of these receivables is 30 days (March 2019: 30days)		
<u>Age of Trade receivables</u>		
	31/03/2020 N	31/03/2019 N
0-30 days	190,482,923	157,278,587
31-180 days	10,320,095	6,629,534
181-365 days	528,207	301,859
366 and above	3,371,261	-
<b>Total</b>	<b>204,702,486</b>	<b>164,209,980</b>
<b>15 Other assets</b>		
Prepaid rent	23,132,082	4,267,083
Staff Receivables	6,794,661	1,471,606
Advance to Suppliers	92,174,882	479,338,579
Prepaid Expenses	60,353,167	7,731,540
	<b>182,454,792</b>	<b>492,808,808</b>
Non- Current		
Current	182,454,792	492,808,808
<b>16 Cash and cash equivalents</b>		
For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and deposit money held with banks with maturity of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:		
Cash in hand	1,086,413	564,262
Cash at Bank	302,850,529	359,272,560
	<b>303,936,942</b>	<b>359,836,822</b>

The carrying amount of these assets is approximately equal to their fair value.

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31/03/2020 N	31/03/2019 N
<b>17 Trade and other payables</b>		
Trade payable - Foreign	180,704,190	474,647,475
Trade payable- Local	178,126,591	379,574,003
Other payables	345,988,538	150,747,640
Advance from Customers	13,336,151	-
	<u>716,155,470</u>	<u>1,004,969,118</u>
<b>Non Current</b>		
<b>Current</b>	<u>716,155,470</u>	<u>1,004,969,118</u>
<p>Trade and other payables principally comprise amounts outstanding for trade purchases and accrued expenses. The average credit period taken for trade purchases is 30 days for local purchase and 90 days for overseas purchase. The company has financial risk management policies in place as well as efficient and effective treasury management policies which are guided by the management to ensure that all payables are paid within the pre-agreed credit terms.</p> <p>The directors consider that the carrying amount of trade and other payables approximates to their fair value.</p>		
<b>18 Share capital</b>		
Authorised Capital:		
250,000,000 Ordinary Shares of N1.00 each	250,000,000	250,000,000
1,750,000,000 Preference Shares of N1.00 each	<u>1,750,000,000</u>	<u>1,750,000,000</u>
	<u>2,000,000,000</u>	<u>2,000,000,000</u>
Called up and Paid up Capital		
241,397,414 Ordinary Shares of N1.00 each	241,397,414	241,397,414
1,478,903,000 Preference Shares of N1.00 each	<u>1,478,903,000</u>	<u>1,478,903,000</u>
	<u>1,720,300,414</u>	<u>1,720,300,414</u>
<b>19 Retained Earnings</b>		
At 1 April 2019	(20,839,891)	27,800,546
Transferred from Income Statement	<u>(58,575,090)</u>	<u>(48,640,437)</u>
At 31 March, 2020	<u>(79,414,981)</u>	<u>(20,839,891)</u>
<b>Analysis of Revenue Reserve</b>		
<b>Pioneer Profit</b>		
Balance Brought Forward	248,935,940	248,935,940
Retained Pioneer Profit (Section 17)	<u>248,935,940</u>	<u>248,935,940</u>
<b>Non - Pioneer Profit</b>		
Current Year Profit	(58,575,090)	(48,640,437)
Balance Brought Forward	<u>(269,775,831)</u>	<u>(221,135,394)</u>
Retained Profit Carried Forward	<u>(328,350,921)</u>	<u>(269,775,831)</u>
Operating Retained Profit	<u>(79,414,981)</u>	<u>(20,839,891)</u>

The Profit made during the pioneer years falls under section 17 Accounts of the Act which state that dividend distributed is not liable to withholding tax in the hand of the recipient.

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

		31/03/2020	31/03/2019
20 Retirement benefit plans	N	N	N

Amount recognised in profit or loss in respect of provisions for the gratuity scheme is shown below:

20.1 Service cost			
Current year		<u>9,592,331</u>	<u>3,094,604</u>

The gratuity figure shown above is included in the employee benefits expense in the Profit or Loss Account for the current year.

### 20.2 Movement in the value of defined benefits were as follows

At 1 April	21,669,894	19,947,142
Current Year Provision	9,592,331	3,094,604
Benefits paid		(1,371,752)
At as period end	<u>31,262,325</u>	<u>21,669,994</u>

#### Retirement benefit plans

##### Defined contribution plans - Statutory

The company makes deductions in accordance with the Pension Reform Act of 2004. The employee and the employer contributed 8% and 10% respectively on basic, housing and transport allowances. The company's contribution to the pension scheme is charged to the statement of profit or loss account.

The only obligation of the company with respect to the retirement benefit plan is to make the specified contributions.

The total expense recognised in the income statement of N9,592,331 (March 2019: 3,094,604) represents contributions payable to these plans by the company at rates specified in the rules of the plans.

The employee benefit liability disclosed in the financial statements is calculated based on the management valuation.

## AFRICAN CONSUMER CARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

#### 20.3 Defined benefit plans - Non Statutory

The company has a unfunded defined benefit plans for qualifying employees. Under the plan employees are entitled to post-retirement gratuity of a percentage of current salary on retirement depending on the number of years worked in the company. An employee is entitled to gratuity on completion of five (5) years' service to the company.

The plan is exposed to the following risk

Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plans liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plans' liabilities.

The company made provision for the current year based on the annual salary of its employees in its service at the end of the year. This provision is based on management valuation.

#### 21 EMPLOYEE INFORMATION

##### 21.1 Employees

The average number of employees:

Management  
Senior  
Junior

31/03/2020  
N

31/03/2019  
N

6	8
4	4
25	25
35	37

##### 21.2 The staff whose average annual emoluments fell within the following range:

Above N3,500,000  
N2,500,001 - N3,500,000  
N1,500,001 - N2,500,000  
N300,000 - N1,500,000

Number

8	7
4	6
13	11
10	13
35	37

31/03/2020  
N

31/03/2019  
N

Wages, salaries, allowances and other benefits

220,270,868	198,850,713
220,270,868	198,850,713

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

	31/03/2020 N	31/03/2019 N
<b>22 Cash generated from operations</b>		
Reconciliation of profit after tax to net cash generated by operating activities:		
Loss for the year	(43,433,413)	(47,257,236)
Adjustments for:		
Depreciation of property, plant and equipment	109,523,855	114,694,418
Amortization of Intangible Assets	1,589,588	-
Asset Impairment	8,412,525	-
Profit on Disposal of PPE	(1,008,126)	(3,253,232)
Increase/(decrease) in employee benefit	9,592,331	1,722,852
Interest Income	-	(621)
<b>Operating cash flows before movements in working capital</b>	<b>84,676,760</b>	<b>65,906,181</b>
(Increase)/decrease in inventories	(83,821,899)	188,732,388
Decrease/(increase) in trade and other receivables	(40,492,506)	5,242,381
(Increase)/decrease in other assets	310,354,016	146,183,729
Increase/(decrease) in trade and other payables	(288,813,648)	(192,812,199)
	<b>(18,097,277)</b>	<b>213,252,480</b>

### 23 Non-cash transactions

There were no Non-cash transactions during the period ended 31st March 2020 and 31st March 2019 respectively.

### 24 Dividend

No dividend was paid or proposed to be paid in the year in respect of ordinary shares held by the Company's shareholders.

### 25 Financial Instruments

#### 25.1 Capital risk management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation equity.

The capital structure of the company consists of equity attributable to equity holders of the company, comprising issued capital, reserves and retained earnings.

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

Equity includes all capital and reserves of the company that are managed as capital.

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### 25 Financial Instruments (continued)

#### 25.2 Significant accounting policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in note 3.

#### 25.3 Categories of financial instruments

	31/03/2020 N	31/03/2019 N
<b>Financial assets</b>		
Cash and receivables		
<i>Cash and bank balances</i>	303,936,942	359,836,822
<i>Trade receivables</i>	204,702,486	164,209,980
	<u>508,639,428</u>	<u>524,046,802</u>
<b>Financial liabilities</b>		
Financial liabilities at amortized cost		
<i>Trade and other payables</i>	716,155,470	1,004,969,118
	<u>716,155,470</u>	<u>1,004,969,118</u>

#### 25.4 Financial Instruments (continued)

##### Financial risk management objectives

A financial risk management framework is in place, where appropriate, to mitigate any negative impact that financial risks that may arise will have on the company's reported results.

The Company's senior management oversees the management of risks to ensure that financial risks are identified, measured and managed in accordance with Company's policies for risk.

The company is exposed to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and price risk), credit risk and liquidity risk.

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

#### 25.5 Market risk

Market risk is the risk that the fair values of financial instruments will fluctuate because of changes in market prices. The financial instruments held by the company that are affected by market risk are principally the non-derivative financial instruments which include, trade and other receivables, cash and cash equivalents and trade and other payables).

# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### 25 Financial Instruments (continued)

#### 25.5.1 Foreign currency risk management

The company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	31/03/2020		31/03/2019	
	N	USD	N	USD
Liabilities	180,704,190	500,565.62	474,647,475	899,233
	<u>180,704,190</u>	<u>500,566</u>	<u>474,647,475</u>	<u>899,233</u>

#### Foreign currency sensitivity analysis

The Company is mainly exposed to the US Dollar.

The following table details the Company's sensitivity to a 10% increase and decrease in the Naira against the relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Naira strengthens 10% against the relevant currency. For a 10% weakening of the Naira against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	10% decrease (Appreciation)		10% increase (Devaluation)	
	31/03/2020		31/03/2020	
	N	USD	N	USD
Profit or loss	(18,070,419) (i)	(50,057)	18,070,419 (ii)	50,057

This is mainly attributable to the exposure outstanding on USD receivables and payables in the Company records at the end of the reporting period.

	10% decrease (Appreciation)		10% increase (Devaluation)	
	31/03/2019		31/03/2019	
	N	USD	N	USD
Profit or loss	(47,464,748) (i)	(88,923)	47,464,748 (ii)	88,923

This is mainly attributable to the exposure outstanding on USD receivables and payables in the Company records at the end of the reporting period.

## AFRICAN CONSUMER CARE LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

#### 25 Financial Instruments (continued)

##### 25.6 Credit risk management

Credit risk refers to the risk that a distributor will default on its contractual obligations resulting in financial loss to the company.

The Senior management of the sales department monitors and controls the credit activities of the company. The trade receivables consist of a large number of customers spread across the country. The company has a credit policy in place and ensures that distributors do not at any time receive items above the stipulated credit policy.

There are no credit guarantee or insurance on credit sales to distributors

The carrying amount of financial assets represents the company's maximum exposure, which at the reporting date, was as follows:

	31/03/2020	31/03/2019
	N	N
Cash and cash equivalents	303,936,942	359,836,822
Trade and other receivables	204,702,486	164,209,980
	<u>508,639,428</u>	<u>524,046,802</u>

##### 25.7 Liquidity risk management

Liquidity risk is the risk that the company is unable to meet its current and future cash flow obligations as and when they fall due, or can only do so at excessive cost. This includes the risk that the company is unable to meet settlement obligations as they fall due.

It is the responsibility of the Finance controller to ensure that the company remains liquid in order to meet its financial obligation. The Finance controller monitors the operating working capital such as trade debtors and their aging, liquidity ratio and the free cashflows.

To mitigate this risk, back-up liquidity facilities are in place which consist of bank overdrafts, Inventory finance, in addition to the company's own liquid assets.



# AFRICAN CONSUMER CARE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

### 25 Financial Instruments (continued)

#### 25.7.1 Maturity risk

The following tables show the company's contractual maturities of financial liabilities:

31/03/2020			
	Carrying amount N	Less than one year N	More than one year N
Financial liabilities at amortised cost			
Trade and other payables	716,155,470	716,155,470	-
	<u>716,155,470</u>	<u>716,155,470</u>	<u>-</u>
31/03/2019			
	Carrying amount N	Less than one year N	More than one year N
Financial liabilities at amortised cost			
Trade and other payables	1,004,969,118	1,004,969,118	-
	<u>1,004,969,118</u>	<u>1,004,969,118</u>	<u>-</u>

#### 25.8 Fair value of financial Instruments

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

### 26 Capital Commitments

There were no capital commitments entered into by the Company as at 31st March, 2020 (March 2019 : Nil).

### 27 Contingent liabilities and contingent assets

#### Government Tax Demand Tax Demand

20,379,802	-	0
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The company has Government tax demand for Withholding tax and Vat arising from tax audit of 2014 to 2016 Assessment year which was concluded in July 2019. The tax demand is due to Federal Inland Revenue service.

### 28 Events after the reporting period

On March 11, 2020 the World Health Organisation declared the novel strain coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services which triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

This has disrupted businesses in Nigeria as the country has been on lock down since Federal Government declaration on 30th March 2020. We cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact our financial position, performance and cash flows in the fiscal year April 2020 to March 2021.

### 29 Approval of financial statements

The financial statements were approved by the board of Directors and authorised for issue on the 16th July, 2020.