HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2019

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2019

Contents | **Page**

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

CORPORATE INFORMATION

1 ***BOARD OF DIRECTORS***

Pitam Das Narang	
Sunil Duggal	Resigned April 1, 2019
Krishan Kumar Chutani	
Sanjay Kashyap	
Manish Mathur	
Mohit Malhotra	Appointed April 1, 2019

2 ***REGISTERED OFFICE***

Plot B, Olympic Street,
Off Alakaso Avenue,
Amuwo Odofin Industrial area,
Festac Town,
Lagos.

3 ***AUDITORS***

Messrs Opone Johnson & Co.
(Chartered Accountants)
21, Alao Street,
Off Osolo Way
Ajao Estate
Lagos

4 ***BANKERS***

FCMB Plc
Stanbic IBTC Bank Plc
Zenith Bank Plc

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

DIRECTORS REPORT
AS AT 31ST DECEMBER, 2019

The Directors submit their Report together with the Financial Statements as at 31st December, 2019.

1 OPERATING RESULT

	N
Profit for the period	104,124,200
Taxation	(33,820,338)
Profit After Taxation	70,303,862

2 *LEGAL STATUS AND PRINCIPAL ACTIVITY*

The Company was incorporated in Nigeria on 11th February, 2010 as a limited liability Company.

3 *COMMMENCEMENT OF COMMERCIAL ACTIVITIES*

The Company commenced commercial activities in April, 2017.

4 *DIRECTORS*

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

Pitam Das Narang	
Sunil Duggal	Resigned April 1, 2019
Krishan Kumar Chutani	
Sanjay Kashyap	
Manish Mathur	
Mohit Malhotra	Appointed April 1, 2019

5 *DIRECTORS INTEREST IN SHARES*

No Director with interest in shares for the period ended 31st December 2019.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

DIRECTORS REPORT - (CONTINUED)
AS AT 31ST DECEMBER, 2019

6 ***SHAREHOLDING STRUCTURE***

The company's shares are held by the following shareholders during the year

	Number	%
Urban Laboratories International, LLC	9,999,999	99.99999
Namaste Laboratories, LLC	1	0.00001
Issued and Paid up Capital	**10,000,000**	**100**

7 ***AUDITORS***

In accordance with Section 357(2) of the Companies and Allied Matters Act (CAMA) CAP C20 LFN 2004 ***Messrs Opone Johnson & Co.*** (Chartered Accountants), have indicated their willingness to continue in office.

Dated this 27th May, 2020

By Order of the Board

Chairman

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

Statement of Directors' Responsibilities
As at 31st December, 2019

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

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 an

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 as at 31st December, 2019. The Directors further accept responsibility for the maintenance of accounting records that may be relied

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

OPONE JOHNSON & CO.
Chartered Accountants

21, Alao Street, off Osolo Way, Ajao Estate, Lagos.
Tel: 0810 239 6804, 0803 301 7060.
E-mail: oponejohnson@yahoo.com
info@oponejohnsonandco.ng
Website: www.oponejohnsonandco.ng

JOHNSON OPONE ACTI, FCA - MANAGING PARTNER
ABDULLAHI OKE ACTI, FCA
FELICIA OMUBO-DEDE ACTI, BSC, MBA, FCA
TITILOPE OMOKUNGBE ACTI, ACA

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **Hair Rejuvenation and Revitalization Nigeria Limited** which comprise the statement of financial position as at 31st December, 2019, 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' REPONSIBILITY

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 **Hair Rejuvenation and Revitalization Nigeria *Limited*** as at 31st December, 2019 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

HAIR REJUVENATION AND REVITALIZATION NIGERIA 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.

OKE ABDULLAHI, FCA.
FRC/2013/ICAN/00000004847
OPONE JOHNSON & CO.
(Chartered Accountants)
LAGOS – NIGERIA

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
Oke A
19605
SG/ICAN
0610224

May 27, 2020

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER, 2019

	Note	12 Months Ended 31-Dec-19 N	12 Months Ended 31-Dec-18 N
Property, plant and equipment	5	6,847,125	5,490,310
Intangible Assets	6	2,258,245	3,263,440
Deferred tax Asset	11.2	2,111,476	
Total non-current assets		**11,216,846**	**8,753,750**
Current assets			
Inventories	7	22,603,865	24,231,069
Trade and other Receivables	8	196,381,692	114,520,395
Cash and bank balances	9	68,249,881	50,997,971
Total current assets		**287,235,438**	**189,749,435**
Total assets		**298,452,284**	**198,503,185**
Equity			
Share capital	13.2	10,000,000	10,000,000
Retained Profit	14	115,779,549	45,475,687
Total equity attributable to owners of the company		**125,779,549**	**55,475,687**
Non- Current Liabilities			
Deferred tax liability	11.2	-	211,517
Employees' Benefit liabilities	12	10,655,513	2,032,022
Shareholder's Deposit for shares	13.3	1,376,591	1,376,591
		12,032,104	**3,620,130**
Current liabilities			
Trade and Other Payables	10	124,497,299	127,522,162
Taxation	11.1	36,143,332	11,885,206
Total current liabilities		**160,640,631**	**139,407,368**
Total liabilities		**172,672,735**	**143,027,498**
Total equity and Liabilities		**298,452,284**	**198,503,185**

The financial statements were approved by the board of directors and authorised for issue on 27th May, 2020. They were signed on its behalf by:

Director

Director

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER, 2019

	Note	12 Months Ended 31-Dec-19 N	12 Months Ended 31-Dec-18 N
Revenue	17	1,405,899,919	975,463,051
Cost of Sales	19	(832,403,674)	(700,316,846)
Gross profit		**573,496,245**	**275,146,205**
Other Income/(Charges)	18.1	(752,314)	(2,138,949)
Administrative expenses	20	(150,283,046)	(87,907,936)
Selling and Distribution expenses	21	(317,015,333)	(150,846,696)
Finance Cost	22	(1,321,352)	(1,164,276)
Pofit before taxation		104,124,200	33,088,348
Taxation	11.3	(33,820,338)	(12,096,723)
Net Profit transferred to equity		70,303,862	20,991,625

The statement of significant accounting policies on pages 11 to 20 and the accompanying explanatory notes on pages 21 to 30 form an integral part of these financial statements.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER, 2019

	Share capital	Retained Profit	Total
	N	N	N
As at 31st January, 2018	10,000,000	24,484,062	34,484,062
Net Profit transferred to equity	-	20,991,625	20,991,625
	-	-	-
As at 31st December, 2018	10,000,000	45,475,687	55,475,687
Net Profit transferred to equity		70,303,862	70,303,862
As at 31st December, 2019	**10,000,000**	**115,779,549**	**125,779,549**

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER, 2019

	Note	12 Months Ended 31-Dec-19	12 Months Ended 31-Dec-18
Cash Flows from Operating Activities			
Cash Received from Customers		1,286,786,724	959,993,401
Cash Payments to Suppliers		(830,049,063)	(688,059,396)
Cash Payments for Operating Expenses		(425,920,662)	(210,252,982)
	4	**30,816,999**	**61,681,023**
Taxation		**(11,885,206)**	**(9,249,557)**
Net cash from/(used in) operating activities		**18,931,797**	**52,431,466**
Cash flow from investing activities			
Purchase of property,plant & equipment		(1,679,885)	(5,594,274)
Intangible Assets		-	(4,020,778)
Net cash from/(used in) investing activities		**(1,679,885)**	(9,615,052)
Cash flow from financing activities			
Share Capital		-	-
Loan received/(repaid)		-	-
Net cash from/(used in) financiang activities		**-**	**-**
Net increase in cash and cash equivalents		17,251,912	42,816,414
Cash and cash equivalents at start		50,997,972	8,181,558
Cash and cash equivalents at end		**68,249,881**	**50,997,972**
Cash and cash equivalents comprises:			
Cash and bank balances		68,249,881	50,997,972
Borrowings - Bank Overdraft		-	-
		68,249,881	**50,997,972**

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2019

1. Description of business

Hair Rejuvenation and Revitalization Nigeria Limited was incorporated in Nigeria as a private limited liability company on 11th February, 2010.

The company's registered office is located at Plot B, Olympic Street, Off Alakaso Avenue, Amuwo Odofin Industrial area, Festac Town, Lagos Nigeria.

The company is principally engaged in marketing of hair products.

1.1 Composition of financial statements

The financial statements are drawn up in naira, the functional currency of Hair Rejuvenation and Revitalization Nigeria Limited in accordance with International Financial Reporting Standards (IFRS). These are the company's financial statements prepared under IFRS and comprise:

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

1.2 Basis of preparation

The financial statements of Hair Rejuvenation and Revitalization Nigeria Limited have been prepared in accordance with International Financial Reporting Standards(IFRS) as issued by the International Accounting Standards Board (IASB). The financial statement is also prepared to meet all the requirements of the Company and Allied Matters Act, CAP C20 Laws of the Federation of Nigeria. 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 31 December 2019, with comparative amounts for the financial period ended 31 December, 2018.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2019

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

IFRS 16 ON LEASES

This standard becomes applicable for annual periods beginning on or after 1st January 2019 and it is yet to be adopted.

Pronouncement	Nature of change	Applicable date
IFRS 16 Leases	The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e the customer ('Lessee') and the supplier ('Lesssor). It eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. The standard replaces IAS 17 leases, IFRIC 4 Determining whether an arrangement contains a lease,SIC-15 Operating leases- Incentives and SIC-27 Evaluating the substance of transactions invloving the Legal form of a lease. This standard becomes applicable for annual periods beginning on or after 1st January 2019.	Applicable on or after '1 January 2019

3. Significant accounting policies

3.1 Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the assets. The principal accounting policies adopted are set out below.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 4.

3.2 Revenue recognition

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.

3.2.1 Revenue from Sale of goods

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

- 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.

3.2.2 Other income

Other income is recognised in line with the criteria mentioned in note 3.2 for other related services.

3.3 Foreign currency translation

The financial statements of Hair Rejuvenation and Revitilization Nigeria 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 income statement, except for differences on available-for-sale non-monetary financial assets, which are included in the available-for-sale reserve in other comprehensive income. 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 income statement for the year.

3.4 Borrowing cost

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3.5 Employee Benefits

3.5.1 Defined Contribution Plans

The company runs a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. The company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Under the defined contribution plans, the company pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The company has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Employees contribute 8% of their basic salary, housing and transport allowances to the pension scheme while the employer contributes 10% to make a total contribution of 18% of the total emoluments as required by the Pension Reform Act 2004 as amended. The Company's contribution to the pension's scheme is charged to the profit or loss account.

3.5.2 Other employee benefits

Other short and long-term employee benefits, are recognised as an expense over the period

3.6 Property plant and equipment

3.6.1 Initial recognition

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.

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.

3.6.2 Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

3.6.3 Depreciation

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)
Building	40
Plant and machinery	10
Equipment	5
Motor Vehicles	5
Furniture and fittings	5

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying

3.7 Inventories

Inventories are valued at the lower of cost and estimated net realizable value. 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.

3.8 Trade and other receivables

Trade receivables are amount due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets, if not they are presented as non-current assets. Where the potential impact of discounting future cash receipts over the short credit period is not considered to be material, trade receivables are stated at their original invoiced value. These receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

3.9 Cash and cash equivalents

Cash equivalents comprises of short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. An investment with a maturity of three months or less is normally classified as being short-term.

For the purpose of preparing the statement of cashflows, cash and cash equivalents are reported net of balances due to banks.

3.10 Trade and other payables

Trade payables are obligations to pay for goods and services that have been acquired in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Other payables are stated at their original invoiced value, as the interest that would be recognised from discounting future cash payments over the short payment period is not considered to be material.

3.11 Taxation

3.11.1 Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate.

3.11.2 Deferred income tax

Deferred income tax is recognised in full using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (loss), it is not accounted for. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the company controls the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

The tax effects of carry-forwards of unused losses or unused tax credits are recognised as an asset when it is probable that future taxable profits will be available against which these losses can be utilised.

Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly in other comprehensive income, is also credited or charged directly to other comprehensive income and subsequently recognised in the income statement together with the deferred gain or loss on disposal.

3.12 Provisions

Provisions are recognized 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 the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

3.13 Financial Instruments

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

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 (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

3.14 Financial Assets

3.14.1 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 measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

- ***Cash and Bank balances***

  Cash and bank balances 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 less overdrafts from any qualifying institution repayable on demand.

- ***Recievables***

  Receivables may be financial assets or non-financial assets. Financial assets are categorized as loans and receivables and are initially measured at fair value and subsequently measured at amortized cost. Non-financial assets are measured in respective to their respective applicable standard.

3.15 Financial liabilities and equity instruments

3.15.1 Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

3.15.2 Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3.15.3 Financial liabilities

Financial liabilities are initially measured at fair value.

Payables

Payables classified as financial liabilities are initially measured at fair value, and are subsequently measured at amortized cost, using the effective interest rate method. Other payables that are within the scope of IAS 39 are subsequently measured at amortized cost. Others are measured with respect to their applicable standards.

3.15.4 Other financial liabilities

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

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees 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.

3.15.5 De-recognition of financial liabilities

The company de-recognises 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.

4 Critical accounting estimates and judgment

4.1 The company makes estimate and assumption about the future that affects the reported amounts of assets and liabilities. Estimates and judgment are continually evaluated and based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumption.

The effect of a change in an accounting estimate is recognized prospectively by including it in the comprehensive income in the period of the change, if the change affects that period only, or in the period of change and future period, if the change affects both.

The estimates and assumptions that have a significant risks of causing material adjustment to the carrying amount of asset and liabilities within the next financial statements are discussed below:

4.1.1 Determination of impairment of non-financial assets

Management is required to make judgements concerning the cause, timing and amount of impairment. In the identification of impairment indicators, management considers the impact of changes in current competitive conditions, cost of capital, availability of funding, technological obsolescence, discontinuance of services and other circumstances that could indicate that impairment exists.

4.1.2 Depreciable life of property and equipment

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

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2019

5 Property, plant and equipment

	FURNITURE AND EQUIPMENTS	COMPUTER EQUIPMENTS	MOTOR VEHICLES	TOTAL
COST				
	N	N	N	N
At Start	403,153	379,704	4,811,417	5,594,274
Additions	1,505,576	174,309	-	1,679,885
As at 31st December, 2019	**1,908,729**	**554,013**	**4,811,417**	**7,274,159**
DEPRECIATION				
At Start	**7,492**	**7,056**	**89,416**	103,964
Current Year	33,195	22,360	267,515	323,070
				-
As at 31st December, 2019	**40,687**	**29,416**	**356,931**	**427,034**
NET BOOK VALUE				
As at 31st December, 2019	**1,868,042**	**524,597**	**4,454,486**	**6,847,125**
As at 31st December, 2018	**395,661**	**372,648**	**4,722,001**	**5,490,310**

6 Intangible Assets

	2019	2018
	N	N
Softwares Cost		
Opening Balance	4,020,778	-
Additions for the year	-	4,020,778
	4,020,778	4,020,778
Amortization		
Opening Balance	757,338	
Additions for the year	1,005,195	757,338
	1,762,533	757,338
Net Carrying Value	**2,258,245**	**3,263,440**

The intangible asset is amortized over the useful life of the asset.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2019

		12 Months Ended 31-Dec-19 N	12 Months Ended 31-Dec-18 N
7	**Inventories**		
	Trading goods for resale	22,097,959	18,012,515
	Stock of Finished Goods	505,906	6,218,554
		22,603,865	**24,231,069**
8	**Trade and other receivables**		
	Trade Receivables	138,453,392	17,726,364
	Other Receivables	39,454,436	28,922,433
	Advance to Suppliers	18,473,864	67,871,598
		196,381,692	**114,520,395**
8.1	**Other Receivables**		
	Prepaid VAT	16,429,146	12,542,432
	Others	13,356,775	14,679,403
	Staff Advances	2,574,250	-
	Advance Rent	7,094,265	1,700,598
		39,454,436	**28,922,433**
8.2	**Advance to Suppliers**		
	African Consumer Care Limited	18,473,864	67,871,598
		18,473,864	**67,871,598**
9	**Cash and Bank Balances**		
	Cash in hand	926,488	813,948
	Cash at banks	67,323,393	50,184,023
		68,249,881	**50,997,971**
10	**Trade and other payables**		
	Trade Payables	-	46,147,948
	Advance from Customers	3,934,931	1,568,784
	Related Party payables	-	2,522,379
	Other Payables	109,370,000	70,350,828
	VAT Payable	9,251,230	5,714,825
	WHT Payable	1,941,138	1,217,398
		124,497,299	**127,522,162**
11	**Taxation**		
11.1	**Taxation payable**		
	At 1 Jan	11,885,206	9,249,557
	Payment in the year	(11,885,205)	(9,249,557)
	Charge for the year	36,143,331	11,885,206
	At 31 December	**36,143,332**	**11,885,206**
11.2	**Deferred taxation**		
	At 1 Jan	211,517	-

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2019

		12 Months Ended 31-Dec-19 N	12 Months Ended 31-Dec-18 N
11.3	**Taxation charge**		
	Income tax	33,861,812	11,089,111
	Education tax	2,281,519	796,095
	Current year taxation	**36,143,331**	**11,885,206**
	Deferred tax charge/(write back)	(2,322,993)	211,517
		33,820,338	**12,096,723**

The charge for income tax 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 is based on the provisions of the Education Tax Act, CAP E4 LFN 2004. Deferred Income taxes are calculated on all temporary differences under the liability method using an effective tax rate of 30%. This is in line with International Accounting Standard (IAS) 12.

12	**Employees' benefit Liabilities**		
	Staff Gratuity		
	At 1 Jan	2,032,022	715,545
	Charge during the year	8,623,491	1,316,477
	Payments during the year	-	-
	At 31 December	**10,655,513**	**2,032,022**

The Company operates an unfunded annualised defined benefit gratuity scheme for it's employees.Under the annualised defined benefit plan.Gratuity is calculated on an annual basis using the component of salaries for each year to determine the benefits using projected unit credit method.The gratuity and other long term employees benefit provisions are based upon management valuation.

13	**Share capital**		
13.1	**Authorised**		
	10,000,000 Ordinary Shares of N1.00 each	**10,000,000**	**10,000,000**
13.2	**Issued and fully paid**		
	10,000,000 Ordinary Shares of N1.00 each	**10,000,000**	**10,000,000**
13.3	**Shareholder's Deposit for shares**		
	Deposit for shares	**1,376,591**	**1,376,591**

This amount has been held for over 12 months hence its classification as non current liabilities. It is a refundable deposit being the excess amount received on shares alloted to shareholders.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2019

		12 Months Ended 31-Dec-19 N	12 Months Ended 31-Dec-18 N
14	**Retained earnings**		
	At Start	45,475,687	24,484,062
	Transfer from income statement	70,303,862	20,991,625
	At 31 December	**115,779,549**	**45,475,687**

15 Earnings per share

Earnings per ordinary share (basic) have been computed on profit after taxation divided by the number of issued N1.00 ordinary shares in issue at the year end. There were no potentially dilutive ordinary shares at either year end.

Profit after taxation	**70,303,862**	**18,939,763**
Number of shares	**10,000,000**	**10,000,000**
Earnings per share (EPS) (kobo) - Basic	**7.03**	**1.89**

16 Related Parties

16a Related party payables

African Consumer care	-	2,522,379
	-	2,522,379

The Company entered into business transactions with Company that fall within the definition of a related party.

Transactions with Related Parties

Sales	2,083,995	14,260,833
Purchases-- AFCC	830,776,470	702,029,700
Advances to Related Parties	18,473,864	67,871,598
Advances from Related Parties	-	2,522,379

The related party transactions of sales and purchases are transactions in the normal course of businss during the year.

17 Revenue

Sales to third parties	**1,405,899,919**	**975,463,051**

18 Other operating income/charges

18.1 Other Income

Exchange Gain/(Loss)	(752,314)	(2,138,949)
	(752,314)	**(2,138,949)**

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2019

		12 Months Ended 31-Dec-19 N	12 Months Ended 31-Dec-18 N
19	**Cost of sales**		
	Inventories at start	24,231,069	22,518,215
	Purchases	830,776,470	702,029,700
		855,007,539	**368,215,229**
	Inventories at close	22,603,865	24,231,069
		832,403,674	**343,984,160**
20	**Adminstration expenses**		
	Staff Costs	82,557,973	47,446,426.00
	Establishment Charges Note 25b	64,784,309	38,361,189
	Audit Fees	1,612,500	1,575,000
	Amortization of Intangible Assets	1,005,195	421,356
	Depreciation	323,069	103,965
		150,283,046	**87,907,936**
20.1	**Analysis of staff costs**		
	Salaries and wages	72,371,838	44,606,568
	Pension	1,562,644	1,523,381
	Staff Gratuity	8,623,491	1,316,477
		82,557,973	**47,446,426**
20.2	**Estabilshment Expenses**		
	Postage and Telephone	1,565,866	2,941,507
	Printing and stationaries	9,600	718,689
	Transport and Travelling	16,166,937	9,621,968
	Vehicle Running expenses	6,771,481	4,705,657
	Rent	7,676,733	5497902
	Insurances	13,172,674	4,638,761
	Medical and Staff Welfare	14,575,028	6,159,189
	Repairs and maintenance	33,000	360,000
	Legal and professional fees	1,362,500	1,075,400
	Office and general expenses	3,450,490	2,642,116
		64,784,309	**38,361,189**
21	**Selling & Distribution expenses**		
	Selling and Distribution expenses	317,015,333	150,846,696
		317,015,333	**150,846,696**
22	**Finance cost**		
			-
	Bank charges	1,321,352	1,164,276
		1,321,352	**1,164,276**

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2019

		12 Months Ended 31-Dec-19 N	12 Months Ended 31-Dec-18 N
23	**Reconciliation of Net Income to Net Cash Generated from Operation**		
	Profit Before Taxation	104,124,200	33,088,348
	Amortization of Intangible Assets	1,005,195	757,338
	Depreciation of PPE	323,069	103,965
	Gratuity Provision	8,623,491	1,316,477
	Inventories	1,627,204	(1,712,854)
	Trade and other receivables	(81,861,297)	(61,302,214)
	Trade and other payables	(3,024,863)	89,429,963
		30,816,999	**61,681,023**
24	**Reconciliation of cash and cash equivalents**		
	Cash and bank balances (Note 8)	68,249,881	50,997,971
			-
	Cash and cash equivalents at 31 December	**68,249,881**	**50,997,971**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, short term investments with an original 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 stated above.

25	**Analysis of the company's average monthly number of employees**		
	Management	3	1
	Senior	2	2
	Junior	1	1
		6	4

25.1 Emolument of employees

Other than Executive Directors whose emoluments fell within the following range:

1,500,001 -	2,500,000	2	2
2,500,001 -	3,500,000	-	-
3,500,001 -	Above	4	2
		6	4

25.2	**Emoluments of the Directors**		
	Fees	-	-
	Emoluments	-	-

25.3 **The number of directors whose emoluments fell within the following ranges was:**

N	N		
1,000,000	3,500,000	-	-

26 Financial Instruments

26.1 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 Board of Directors reviews and agrees policies for managing each of these risks which are summarised

Risk management policies and systems are reviewed regularly to reflect the changes in market conditions and the company's activities. Sensitivity analyses provide the appropriate information to monitor the net underlying financial risks.

The company does not trade in financial instruments, nor does it take on speculative or open positions through the use of derivatives.

26.2 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 investment in shares, trade and other receivables, cash and bank balances, trade and other payables and borrowings). Market risk exposures are measured using sensitivity analysis when the need arises based on the financial

26.3 Foreign currency risk management

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 company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. The Company's exposure to the risk of changes in foreign exchange rates are given adequate evaluation using pricing and cost control analysis.

26.4 Credit risk management

Credit risk is the risk that a counterparty will default on its contractual obligations leading to a financial loss. The Company is exposed to credit risk from its operating activities (receivables) and investing activities (deposits with banks).

- *Receivables*

The Company's receivables consist of advances for service and equipment procurement . The Company has trade recievable arising normal commercial operations. Credit policy will be in place as soon as Trade Receiveables become apparent with the commencement of commercial operations and shall be periodically reviewed and approved by the Board and management. Other Receiveables are controlled in line with the Company's policy and duly monitored on monthly basis

Exposure to risk

The carrying amount of the company's financial instruments represents the maximum exposure to

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2019

	12 Months Ended 31-Dec-19 N	12 Months Ended 31-Dec-18 N
Financial assets		
Trade and other receivables	196,381,692	114,520,395
Cash and cash equivalents	68,249,881	50,997,971
	264,631,573	**165,518,366**
Age of receivables due but not impaired		
30 days - 365 days	138,453,392	17,726,364
above 365 days	-	
Amount receivable from trade debtors	138,453,392	17,726,364
Prepayment and Advances	57,928,300	96,794,031
	196,381,692	

26.5 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. Management policy to determine cash flow needs are constantly reviewed and controlled.

The Company had no liquidity obligation that it defaulted during the period ended 31st December, 2018.

26.6 Strategic risks

The following capital management objectives, policies and approach to managing the risks which affect its capital position are adopted by the company.

i. To maintain the required level of financial stability thereby providing a degree of security to clients and plan members.

ii. To allocate capital efficiently and support the development of business by ensuring that returns on capital employed meet the requirements of its capital providers and of its shareholders.

iii. To retain financial flexibility by maintaining strong liquidity.

iv. To align the profile of assets and liabilities taking account of risks inherent in the business and regulatory requirements.

v. To maintain financial strength to support new business growth and to satisfy the requirements of the regulators and stakeholders.

Approach to capital management

The company seeks to optimise the structure and sources of capital to ensure that it consistently maximises returns to the shareholders and customers.

The company's approach to managing capital involves managing assets, liabilities and risks in a coordinated way, assessing shortfalls between reported and required capital level on a regular

There has been no significant changes to its capital structure during the past year from previous

26.7 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the group's processes, personnel, technology and infrastructure, and from external factors such as provider tariffs, medical costs, premium review for adequacy, prompt premium payments and collections. Others are legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the group's operations.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each unit. This responsibility is supported by the development of operational standards for the management of operational risk in the following areas:

- requirments for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoing of transactions.
- compliance with regulatory and other legal requirements.
- documentataion of controls and procedures.
- training and professional development.
- ethical and business standards.

26.8 Capital management

In the management of its capital, the company has certain objectives which it intends to achieve, these include:

- the safeguarding of the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and the provision of an adequate return to shareholders by pricing products and services commensurately with the level of risk.
- consistency with others in the industry, the company monitors capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt ÷ capital:
- net debt is calculated as total liabilities (as shown in the statement of financial position) less cash and cash equivalents. Capital comprises all components of equity (ie ordinary shares, share premium, retained earnings, and other reserves).

26.9 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

27 Guarantees and other capital commitments

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

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER, 2019

28 Contingent Liabilities

a **Government Tax Demand**

Tax Demand	22,288,424	-

The company has Government tax demand for Company Income tax, Education tax and Vat arising from Desk review of 2017 to 2019 Assessment year which is still under appeal. The tax demand is due to Federal Inland Revenue service.

29 Events after reporting date

The Directors are of the opinion that there were no significant events after the reporting date which would have had any material effect on the state of affairs as at 31 December, 2019 and on the profit or loss for the year ended on that day which require disclosure in these financial statements.

30 Comparative figures

Certain prior period figures have been reclassified to ensure proper disclosure and uniformity with current period presentation for a more meaningful comparison. These reclassification have no net impact on these financial statements.