

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2021

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

CORPORATE INFORMATION

1 BOARD OF DIRECTORS

Pitam Das Narang
Krishan Kumar Chutani
Sanjay Kashyap
Manish Mathur
Mohit Malhotra

2 REGISTERED OFFICE

46, Adetokunbo Ademola Street,
Opposite The Place Restaurant,
Victoria Island,
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
United Bank For Africa Plc

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

DIRECTORS REPORT AS AT 31ST DECEMBER, 2021

The Directors submit their Report together with the Financial Statements as at 31st December, 2021.

1 OPERATING RESULT

	N
Profit for the period	93,662,706
Taxation	(54,903,338)
Profit After Taxation	<u><u>38,759,368</u></u>

2 LEGAL STATUS AND PRINCIPAL ACTIVITY

The Company was incorporated in Nigeria on 11th February, 2010 as a limited liability Company. The company is principally engaged to carry on the business of Producers, Suppliers, Importers, Marketers, Exporters, Dealers, Distributors, Agents, Wholesale and Retail Dealers of all kinds of products including but not limited to cosmetics and toiletries.

3 DIRECTORS

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

Pitam Das Narang
Krishan Kumar Chutani
Sanjay Kashyap
Manish Mathur
Mohit Malhotra

4 DIRECTORS INTEREST IN SHARES

No Director with interest in shares for the period ended 31st December 2021.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

DIRECTORS REPORT - (CONTINUED) AS AT 31ST DECEMBER, 2021

5 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	<u>10,000,000</u>	<u>100</u>

6 AUDITORS

In accordance with Section 401(2) of the Companies and Allied Matters Act (CAMA) CAP C20 LFN 2020 Messrs Opone Johnson & Co. (Chartered Accountants), have indicated their willingness to continue in office.

Dated this 11th day of March, 2022

By Order of the Board



Chairman

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED
Statement of Directors' Responsibilities
As at 31st December, 2021

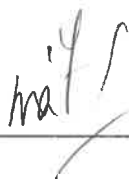
The Companies and Allied Matters Act, CAP C20, Laws of the Federation of Nigeria, requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of financial affairs of the Company at the end of the period. The responsibilities include ensuring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

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, 2021. 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



OPONE JOHNSON & CO.
Chartered Accountants

Corporate Head Office:
Kings Tower, 1st Floor, 35 Alfred Rewane Road, Ikoyi, Lagos.
Branch Office:
8, Oladipo Diya Street, 2nd Avenue Estate, off Osborne Road,
Ikoyi, Lagos.
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
TITTOPE 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, 2021, 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 2020 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 *Hair Rejuvenation And Revitalization Nigeria Limited* as at 31st December, 2021 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 2020 and in compliance with the Financial Reporting Council Act, No. 6, 2011.



OPONE JOHNSON & CO.

**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 2020, 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.

**CHIEF J. OPONE FCA.
FRC/2013/ICAN/00000004846
OPONE JOHNSON & CO.
(Chartered Accountants)
LAGOS – NIGERIA**



11th March, 2022

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER, 2021

	Note	12 Months Ended 31-Dec-21 N	12 Months Ended 31-Dec-20 N
Property, plant and equipment	5	39,387,554	8,077,926
Intangible Assets	6	247,856	1,253,050
Deferred tax Asset	11.2	-	25,247,531
Total non-current assets		39,635,410	34,578,507
Current assets			
Inventories	7	16,471,150	13,874,965
Trade and other Receivables	8	288,844,955	178,552,327
Other Assets	8.1	62,339,574	85,765,541
Cash and bank balances	9	69,877,985	152,613,925
Total current assets		437,533,664	430,806,758
Total assets		477,169,074	465,385,265
Equity			
Share capital	13.2	10,000,000	10,000,000
Retained Profit	14	98,061,889	59,302,521
Total equity attributable to owners of the company		108,061,889	69,302,521
Non- Current Liabilities			
Employees' Benefit liabilities	12	6,783,168	17,410,890
Shareholder's Deposit for shares	13.3	1,376,591	1,376,591
Deferred Tax Liability	11.2	4,729,499	-
Total non-current liabilities		12,889,258	18,787,481
Current liabilities			
Trade and Other Payables	10	343,725,555	377,295,263
Taxation	11.1	12,492,372	-
Total current liabilities		356,217,927	377,295,263
Total liabilities		369,107,185	396,082,744
Total equity and Liabilities		477,169,074	465,385,265

The financial statements were approved by the board of directors and authorised for issue on 11th day of March, 2022. 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, 2021

	Note	12 Months Ended 31-Dec-21 N	12 Months Ended 31-Dec-20 N
Revenue	17	1,995,369,753	1,383,500,882
Cost of Sales	19	<u>(1,012,471,398)</u>	<u>(760,775,550)</u>
Gross profit		982,898,355	622,725,332
Other Income	18	12,291,797	-
Administrative expenses	20	(382,566,243)	(310,122,929)
Selling and Distribution expenses	21	(517,333,199)	(388,384,572)
Finance Cost	22	(1,628,004)	(3,830,914)
Pofit/(Loss) before taxation		<u>93,662,706</u>	<u>(79,613,083)</u>
Taxation	11.3	<u>(54,903,338)</u>	<u>23,136,055</u>
Net Profit / (Loss) transferred to equity		<u><u>38,759,368</u></u>	<u><u>(56,477,028)</u></u>

The statement of significant accounting policies on pages 11 to 20 and the accompanying explanatory notes on pages 21 to 33 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, 2021

	Share capital	Retained Profit	Total
	N	N	N
As at 31st January, 2020	10,000,000	115,779,549	125,779,549
Net Loss transferred to equity		(56,477,028)	(56,477,028)
As at 31st December, 2020	<u>10,000,000</u>	<u>59,302,521</u>	<u>69,302,521</u>
Net Profit transferred to equity		38,759,368	38,759,368
As at 31st December, 2021	<u>10,000,000</u>	<u>98,061,889</u>	<u>108,061,889</u>

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER, 2021

	Note	12 Months Ended 31-Dec-21	12 Months Ended 31-Dec-20
Cash Flows from Operating Activities			
Cash Received from Customers		1,877,228,573	1,351,360,967
Cash Payments to Suppliers		(1,086,973,920)	(614,312,006)
Cash Payments for Operating Expenses		<u>(824,774,077)</u>	<u>(610,539,522)</u>
	23	(34,519,424)	126,509,439
Taxation		(12,433,936)	(36,143,332)
Net cash from/(used in) operating activities		<u>(46,953,360)</u>	<u>90,366,107</u>
Cash flow from investing activities			
Purchase of property, plant & equipment		(35,782,580)	(6,002,060)
Net cash from/(used in) investing activities		<u>(35,782,580)</u>	<u>(6,002,060)</u>
Cash flow from financing activities			
		-	-
Net cash from/(used in) financing activities		<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents		(82,735,939)	84,364,045
Cash and cash equivalents at start		<u>152,613,924</u>	<u>68,249,881</u>
Cash and cash equivalents at end		<u>69,877,985</u>	<u>152,613,924</u>
Cash and cash equivalents comprises:			
Cash and bank balances		69,877,985	152,613,925
Borrowings - Bank Overdraft		-	-
		<u>69,877,985</u>	<u>152,613,925</u>

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

1. Description of business

Hair Rejuvenation and Revitalization Nigeria Limited was incorporated in Nigeria as a private limited liability company on 11th February, 2010. However, the Company commenced commercial activities in April, 2017.

The company's registered office is located at 46, Adetokunbo Ademola Street, Opposite The Place Restaurant, Victoria Island, Eti-Osa Lagos Nigeria.

The company is principally engaged to carry on the business of Producers, Suppliers, Importers, Marketers, Exporters, Dealers, Distributors, Agents, Wholesale and Retail Dealers of all kinds of products including but not limited to cosmetics and toiletries.

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 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 Financial period

These financial statements cover the financial period ended 31 December 2021, with comparative amounts for the financial period ended 31 December, 2020.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

2 ADOPTION OF NEW AND REVISED IFRS STANDARDS

Summary of new and amended standards

Accounting standards and interpretations issued but not yet effective

Below are the new International Financial Reporting Standards and International Accounting Standards which have not been early adopted by the company and that might affect future reporting periods, on the assumption that the Company will continue with its current activities.

a) IFRS 17 - Insurance Contracts

IFRS 17 requires insurance liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts.

IFRS 17 supersedes IFRS 4 Insurance Contracts as of 1 January 2023.

b) Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the cost of producing those items, in profit or loss.

Annual reporting periods beginning on or after 1 January 2022.

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.

HAIR REJUVENATION AND REVITALIZATION NIG

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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 Revitalization 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.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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 in which they accrue.

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.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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	4
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 amount of the asset and is recognised in profit or loss.

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.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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.

- **Receivables**

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 respect to their respective applicable standard.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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 magement'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, 2021

5 Property, plant and equipment

	FURNITURE AND EQUIPMENTS	COMPUTER EQUIPMENTS	MOTOR VEHICLES	TOTAL
<u>COST</u>				
	N	N	N	N
As at 31st January, 2020	1,908,729	554,013	4,811,417	7,274,159
Additions during the year	4,265,310	1,736,750	-	6,002,060
Disposal	(1,505,576)	-	-	(1,505,576)
As at 31st December, 2020	<u>4,668,463</u>	<u>2,290,763</u>	<u>4,811,417</u>	<u>11,770,643</u>
As at 31st January, 2021	4,668,463	2,290,763	4,811,417	11,770,643
Additions during the year	1,652,580	2,130,000	32,000,000	35,782,580
Disposal	-	-	-	-
As at 31st December, 2021	<u>6,321,043</u>	<u>4,420,763</u>	<u>36,811,417</u>	<u>47,553,223</u>
<u>DEPRECIATION</u>				
As at 31st January, 2020	40,687	29,416	356,931	427,034
Current Year	657,357	315,755	2,310,440	3,283,552
Disposal	(17,869)	-	-	(17,869)
As at 31st December, 2020	<u>680,175</u>	<u>345,171</u>	<u>2,667,371</u>	<u>3,692,717</u>
As at 31st January, 2021	680,175	345,171	2,667,371	3,692,717
Current Year	948,661	715,826	2,808,465	4,472,952
Disposal	-	-	-	-
As at 31st December, 2021	<u>1,628,836</u>	<u>1,060,997</u>	<u>5,475,836</u>	<u>8,165,669</u>
NET BOOK VALUE				
As at 31st December, 2021	<u>4,692,207</u>	<u>3,359,766</u>	<u>31,335,581</u>	<u>39,387,554</u>
As at 31st December, 2020	<u>3,988,288</u>	<u>1,945,592</u>	<u>2,144,046</u>	<u>8,077,926</u>

	12 Months Ended 31-Dec-21	12 Months Ended 31-Dec-20
	N	N
6 Intangible Assets		
Softwares Cost		
Opening Balance	4,020,778	4,020,778
Additions for the year	-	-
	<u>4,020,778</u>	<u>4,020,778</u>
Amortization		
Opening Balance	2,767,728	1,762,533
Additions for the year	1,005,195	1,005,195
	<u>3,772,923</u>	<u>2,767,728</u>
Net Carrying Value	<u>247,856</u>	<u>1,253,050</u>

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, 2021

		12 Months Ended 31-Dec-21 N	12 Months Ended 31-Dec-20 N
7	Inventories		
	Trading goods for resale	16,471,150	12,705,337
	Stock of Finished Goods	-	1,169,628
		<u>16,471,150</u>	<u>13,874,965</u>
8	Trade and other receivables		
	Trade Receivables	288,844,955	178,552,327
		<u>288,844,955</u>	<u>178,552,327</u>
8.1	Other Assets		
	Prepaid VAT	10,568,779	34,143,017
	Other Prepayments	23,749,232	31,882,517
	Staff Advance	317,500	50,425
	Prepaid Rent	25,809,998	19,689,582
	Advance to Suppliers	1,894,065	-
		<u>62,339,574</u>	<u>85,765,541</u>
	The advance to supplier represent related party balance as disclosed in note 16b.		
9	Cash and Bank Balances		
	Cash in hand	203,194	120,014
	Cash at banks	69,674,791	152,493,911
		<u>69,877,985</u>	<u>152,613,925</u>
10	Trade and other payables		
	Trade Payables Note 16a	49,248,508	119,260,780
	Advance from Customers	4,045,399	11,893,951
	Other Payables	266,600,909	228,142,069
	VAT Payable	18,292,373	15,579,275
	WHT Payable	5,538,366	2,419,188
		<u>343,725,555</u>	<u>377,295,263</u>
	The trade payables represent related party balance as disclosed in note 16a.		
11	Taxation		
11.1	Taxation payable		
	At 1 Jan	-	36,143,332
	Payment in the year	0	(36,143,332)
	Charge for the year	12,492,372	-
	At 31 December	<u>12,492,372</u>	<u>-</u>
11.2	Deferred taxation		
	At 1 Jan	(25,247,531)	(2,111,476)
	Current year	29,977,030	(23,136,055)
	At 31 December	<u>4,729,499</u>	<u>(25,247,531)</u>

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

	12 Months Ended 31-Dec-21 N	12 Months Ended 31-Dec-20 N
11.3 Taxation charge		
Income tax	9,367,528	-
Education tax	3,124,844	-
Current year taxation	<u>12,492,372</u>	-
Additional Assessment	12,433,936	-
	<u>24,926,308</u>	-
Deferred tax charge/(write back)	29,977,030	(23,136,055)
	<u>54,903,338</u>	<u>(23,136,055)</u>
<p>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.</p>		
11.4 Profit before tax	<u>93,662,706</u>	<u>(79,613,083)</u>
Tax at the statutory corporation tax rate of 30% (2020: 30%)	28,098,812	(23,883,925)
Effect of:		
Depreciation	1,341,886	985,066
Amortization	301,559	301,559
Provision for Medical Expenses	2,210,078	-
Provision To Adpro	8,734,110	-
Write Back - Excess Previous Years Gratuity Provision	(3,687,539)	-
Provision for Gratuity	499,223	2,026,613
Balancing Charge	-	130,141
Loss on Disposal	-	446,312
Recoupable Loss	(19,994,234)	-
Capital allowance claimed	(8,136,364)	-
Income Tax	9,367,529	-
Education tax	3,124,844	-
Additional Assessment	12,433,936	-
Income tax expense recognised in profit or loss	<u>24,926,309</u>	<u>-</u>
12 Employees' benefit Liabilities		
Staff Gratuity		
At 1 Jan	17,410,890	10,655,513
Charge during the year	(10,627,722)	6,755,377
Payments during the year	-	-
At 31 December	<u>6,783,168</u>	<u>17,410,890</u>

The Company operates an unfunded annualised defined benefit gratuity scheme for its employees. The gratuity benefits to employees are based on management valuation. Under the Nigeria law, an employee is entitled to gratuity upon attaining 5 years of employment.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

	12 Months Ended 31-Dec-21 N	12 Months Ended 31-Dec-20 N
13 Share capital		
13.1 Authorised 10,000,000 Ordinary Shares of N1.00 each	<u>10,000,000</u>	<u>10,000,000</u>
13.2 Issued and fully paid 10,000,000 Ordinary Shares of N1.00 each	<u>10,000,000</u>	<u>10,000,000</u>
13.3 Shareholder's Deposit for shares Deposit for shares	<u>1,376,591</u>	<u>1,376,591</u>
<p>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 allotted to shareholders.</p>		
14 Retained earnings		
At Start	59,302,521	115,779,549
Transfer from income statement	38,759,368	(56,477,028)
At 31 December	<u>98,061,889</u>	<u>59,302,521</u>
15 Earnings per share		
<p>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.</p>		
Profit/(Loss) after taxation	<u>38,759,368</u>	<u>(56,477,028)</u>
Number of shares	<u>10,000,000</u>	<u>10,000,000</u>
Earnings per share (EPS) (kobo) - Basic	<u>3.88</u>	<u>(5.65)</u>
16 Related Parties		
16a Related party payables		
African Consumer care	<u>49,248,508</u>	<u>119,260,780</u>
	<u>49,248,508</u>	<u>119,260,780</u>

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

Transactions with Related Parties

Sales	31,118,291	488,357
Purchases-- AFCC	1,157,948,820	976,151,097

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

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

		12 Months Ended 31-Dec-21 N	12 Months Ended 31-Dec-20 N
17	Revenue		
	Sales to third parties	<u>1,995,369,753</u>	<u>1,383,500,882</u>
18	Other Income		
	Previous Year Gratuity Previous Written off	<u>12,291,797</u>	<u>-</u>
19	Cost of sales		
	Inventories at start	13,874,965	22,603,865
	Purchases	<u>1,015,067,583</u>	<u>752,046,650</u>
		1,028,942,548	774,650,515
	Inventories at close	<u>16,471,150</u>	<u>13,874,965</u>
		1,012,471,398	760,775,550
20	Administration expenses		
	Staff Costs	159,226,591	130,164,326
	Establishment Charges Note 20.2	215,174,005	172,982,353
	Audit Fees	2,687,500	2,687,500
	Amortization of Intangible Assets	1,005,195	1,005,195
	Depreciation	<u>4,472,952</u>	<u>3,283,555</u>
		382,566,243	310,122,929
20.1	Analysis of staff costs		
	Salaries and wages	156,152,046	122,242,619
	Pension	1,410,470	1,166,330
	Staff Gratuity	<u>1,664,075</u>	<u>6,755,377</u>
		159,226,591	130,164,326
20.2	Establishment Expenses		
	Postage and Telephone	11,148,542	8,311,425
	Printing and stationaries	980,763	644,705
	Transport and Travelling	49,224,800	7,048,325
	Vehicle Running expenses	8,586,980	6,580,185
	Rent	67,394,583	48,095,797
	Insurances	26,145,556	25,003,795
	Medical and Staff Welfare	22,745,823	40,449,951
	Repairs and maintenance	3,271,797	6,176,018
	Legal and professional fees	7,812,781	18,287,750
	Office and general expenses	16,362,380	7,184,402
	Electricity and Power	<u>1,500,000</u>	<u>5,200,000</u>
		215,174,005	172,982,353
21	Selling & Distribution expenses		
	Selling and Distribution expenses	<u>517,333,199</u>	<u>388,384,572</u>
		517,333,199	388,384,572

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

	12 Months Ended 31-Dec-21 N	12 Months Ended 31-Dec-20 N	
22 Finance cost			
Bank charges	2,398,066	1,770,434	
Exchange (Gain)/Loss	(770,062)	2,060,480	
	<u>1,628,004</u>	<u>3,830,914</u>	
23 Reconciliation of Net Income to Net Cash Generated from Operation			
Profit/(Loss) Before Taxation	93,662,706	(79,613,083)	
Amortization of Intangible Assets	1,005,195	1,005,195	
Depreciation of PPE	4,472,952	3,283,555	
Loss on disposal	-	1,487,707	
Gratuity Provision for the year	1,664,075	6,755,377	
Previous Years Excess Gratuity Provision Written Off	(12,291,797)	-	
Inventories	(2,596,185)	8,728,900	
Trade and other receivables	(110,292,628)	(40,098,935)	
Other Assets	23,425,967	(27,837,241)	
Trade and other payables	(33,569,709)	252,797,964	
	<u>(34,519,424)</u>	<u>126,509,439</u>	
24 Reconciliation of cash and cash equivalents			
Cash and bank balances (Note 9)	69,877,985	152,613,925	
Cash and cash equivalents at 31 December	<u>69,877,985</u>	<u>152,613,925</u>	
<p>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.</p>			
25 Analysis of the company's average monthly number of employees			
Management	3	2	
Senior	3	4	
Junior	2	1	
	<u>8</u>	<u>7</u>	
25.1 Emolument of employees			
Other than Executive Directors whose emoluments fell within the following range:			
2,400,000 -	3,600,000	2	2
3,600,001 -	8,400,000	2	1
8,400,001 -	15,000,000	3	3
15,000,001 -	Above	1	1
		<u>8</u>	<u>7</u>

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

		12 Months Ended 31-Dec-21 N	12 Months Ended 31-Dec-20 N
25.2	Emoluments of the Directors		
	Fees	-	-
	Emoluments	-	-
		<u> </u>	<u> </u>
25.3	The number of directors whose emoluments fell within the following ranges was:		
	N	N	
	1,000,000 -	3,500,000	-
	3,501,000 -	Above	-
			<u> </u>

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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 below.

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 instruments held.

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 receivable arising normal commercial operations. Credit policy will be in place as soon as Trade Receivables become apparent with the commencement of commercial operations and shall be periodically reviewed and approved by the Board and management. Other Receivables are controlled in line with the Company's policy and duly monitored on monthly basis by management.

Exposure to risk

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

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

	12 Months Ended 31-Dec-21 N	12 Months Ended 31-Dec-20 N
Financial assets		
Trade and other receivables	288,844,955	178,552,327
Cash and cash equivalents	69,877,985	152,613,925
	358,722,940	331,166,252
<u>Age of receivables due but not impaired</u>		
30 days - 365 days	288,844,955	170,711,197
above 365 days		7,841,130
Amount receivable from trade debtors	288,844,955	178,552,327

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, 2021.

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 basis.

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

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

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:

- requirements for appropriate segregation of duties, including independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements.
- documentation 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 values.

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, 2021**

28 Contingent Liabilities

a Government Tax Demand

Tax Demand

22,288,424

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. The FIRS commenced tax audit for these years and the outcome shall reveal the actual liability when finally concluded.

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, 2021 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.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER, 2021

31 Value Added Statement

		12 Months Ended 31-Dec-21 N		12 Months Ended 31-Dec-20 N
Revenue		1,995,369,753		1,383,500,882
Bought in materials and services - Imported		-		-
Bought in materials and services - Local		<u>1,748,671,297</u>		<u>1,325,835,173</u>
		246,698,456		57,665,709
Other operating Income		<u>12,291,797</u>		-
Value added		<u>258,990,253</u>		<u>57,665,709</u>
Distribution				
Employees				
Wages, Salaries and Benefits	61.48	159,226,591	225.72	130,164,326
Government				
Company Income Tax	9.62	24,926,308	0.00	-
Deferred Tax	11.57	29,977,030	(40.12)	(23,136,055)
Providers of capital				
Loan Interest	0.63	1,628,004	6.64	3,830,914
The future				
Asset Replacement - Depreciation	1.73	4,472,952	5.69	3,283,552
Profit /(Loss) transferred to Shareholders Retained Earnings	14.97	38,759,368	(97.94)	(56,477,028)
	<u>100</u>	<u>258,990,253</u>	<u>100</u>	<u>57,665,709</u>

Value Added Income represents the additional wealth the Company has been able to create by its own and its employees efforts. This statement shows the allocation of that wealth between employees, capital providers, government and that retained in the business for further creation of wealth.

HAIR REJUVENATION AND REVITALIZATION NIGERIA LIMITED

FIVE YEAR FINANCIAL SUMMARY STATEMENT OF FINANCIAL POSITION

Assets	AS REPORTED UNDER IFRS				
	12 Months Ended 31-Dec-21	12 Months Ended 31-Dec-20	12 Months Ended 31-Dec-19	12 Months Ended 31-Dec-18	16 Months Ended 31-Dec-17
	N	N	N	N	N
Non Current Asset					
Property, plant and equipment	39,387,554	8,077,926	6,847,125	5,490,310	-
Intangible Assets	247,856	1,253,050	2,258,245	3,263,440	-
Deferred tax Asset	-	25,247,531	2,111,476	-	-
Total non-current assets	39,635,410	34,578,507	11,216,846	8,753,750	-
Current assets					
Inventories	16,471,150	13,874,965	22,603,865	24,231,069	22,518,215
Trade and other Receivables	288,844,955	178,552,327	196,381,692	114,520,395	53,218,181
Other Assets	62,339,574	85,765,541	-	-	-
Cash and bank balances	69,877,985	152,613,925	68,249,881	50,997,971	8,181,558
Total current assets	437,533,664	430,806,758	287,235,438	189,749,435	83,917,954
Total assets	477,169,074	465,385,265	298,452,284	198,503,185	83,917,954
Equity					
Share capital	10,000,000	10,000,000	10,000,000	10,000,000	10,000,000
Retained Profit	98,061,889	59,302,521	115,779,549	45,475,687	24,484,062
Total equity attributable to owners of the company	108,061,889	69,302,521	125,779,549	55,475,687	34,484,062
Non- Current Liabilities					
Employees' Benefit liabilities	6,783,168	17,410,890	10,655,513	2,032,022	715,545
Shareholder's Deposit for shares	1,376,591	1,376,591	1,376,591	1,376,591	1,376,591
Deferred Tax Liability	4,729,499	-	-	211,517	-
Total non-current liabilities	12,889,258	18,787,481	12,032,104	3,620,130	2,092,136
Current liabilities					
Trade and Other Payables	343,725,555	377,295,263	124,497,299	127,522,162	38,092,199
Taxation	12,492,372	-	36,143,332	11,885,206	9,249,557
Total current liabilities	356,217,927	377,295,263	160,640,631	139,407,368	47,341,756
Total liabilities	369,107,185	396,082,744	172,672,735	143,027,498	49,433,892
Total equity and Liabilities	477,169,074	465,385,265	298,452,284	198,503,185	83,917,954