Vitafoam Nigeria Plc
Consolidated and Separate Financial Statements
for 3 months ended 31 December 2023

Contents

VITAFOAM NIGERIA PLC
QUARTER 1 ENDED 31 DECEMBER 2023

SECURITIES TRADING POLICY

In compliance with Rule 17.15 Disclosure of Dealings in Issuers' Shares, Rulebook of The Exchange 2015 (Issuers' Rule), Vitafoam Nigeria Plc maintains a Security Trading Policy (Policy) which guides Directors, Audit Committee members, employees and all individuals categorized as insiders in relation to their dealings in the Company's shares. The Policy undergoes periodic review by the Board and is updated accordingly. The Company has made specific inquiries of all its directors and other insiders and is not aware of any infringement of the Policy during the period.

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
		3 months ended December 31		3 months ended December 31	
		2023	2022	2023	2022
	Note	N '000	N '000	N '000	N '000
Revenue	2	19,052,921	14,101,827	17,336,603	12,840,588
Cost of sales	3	(12,424,851)	(9,197,046)	(11,638,870)	(8,683,735)
Gross profit		**6,628,070**	**4,904,781**	**5,697,733**	**4,156,853**
Other gains	4	154,476	46,739	141,199	65,651
Distribution costs	6	(627,988)	(542,688)	(587,406)	(515,034)
Administrative expenses	5	(3,406,896)	(1,916,138)	(2,943,840)	(1,291,501)
Operating profit		**2,747,662**	**2,492,694**	**2,307,686**	**2,415,969**
Finance income	8	486,911	278,911	486,876	278,480
Finance costs	7	(997,928)	(226,708)	(992,330)	(220,931)
Profit before taxation		**2,236,645**	**2,544,897**	**1,802,232**	**2,473,518**
Taxation	9	(674,043)	(833,540)	(540,670)	(742,056)
Profit for the period		**1,562,602**	**1,711,357**	**1,261,562**	**1,731,462**
Other comprehensive income:					
Items that will not be reclassified subsequently to profit or loss:					
Gain on valuation of investments in equity instruments designated as at FVTOCI		-	453	-	453
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange differences on translation of foreign operations		69,680	68,437	-	-
Other comprehensive Income for the period net of taxation		**69,680**	**68,890**	**-**	**453**
Total comprehensive income for the period		**1,632,282**	**1,780,247**	**1,261,562**	**1,731,915**
Profit attributable to:					
Owners of the parent		1,429,129	1,637,624	1,261,562	1,731,462
Non-controlling interest		133,473	73,733	-	-
		1,562,602	**1,711,357**	**1,261,562**	**1,731,462**
Total comprehensive income attributable to:					
Owners of the parent		1,498,809	1,706,514	1,261,562	1,731,915
Non-controlling interest		133,473	73,733	-	-
		1,632,282	**1,780,247**	**1,261,562**	**1,731,915**
Earnings per share					
From Continuing operaions					
Basic earnings per share (kobo)	22	114.00	131.00	101.00	138.00
Diluted earnings per share (Kobo)	22	114.00	131.00	101.00	138.00

The accounting policies and the notes on pages 7 to 37 form an integral part of the consolidated and separate financial statements.

Consolidated and Separate Statement of Financial Position

	Note	Group 31 Dec. 2023 N '000	Group 30 Sept. 2023 N '000	Company 31 Dec. 2023 N '000	Company 30 Sept. 2023 N '000
Assets					
Non-Current Assets					
Property, plant and equipment	11	6,851,818	7,006,612	3,098,146	3,200,289
Intangible assets	12	55,236	58,828	50,962	54,822
Investment property	13	-	-	1,690,070	1,707,986
Investments in subsidiaries	25	-	-	1,708,521	1,708,521
Right-of-use assets		189,251	191,038	189,251	191,038
Investment in financial assets	14	11,630	11,630	11,630	11,630
Finance lease receivables		46,764	55,211	46,764	55,211
Deferred tax		327,701	274,238	-	-
		7,482,400	**7,597,557**	**6,795,344**	**6,929,497**
Current Assets					
Inventories	15	10,527,411	14,296,668	7,818,537	11,734,948
Trade and other receivables	16	1,975,527	2,021,969	3,498,653	3,209,325
Other assets	17	3,616,836	3,911,212	3,105,843	3,633,073
Cash and cash equivalents	18	26,636,417	21,833,668	25,479,994	21,166,458
		42,756,191	**42,063,517**	**39,903,027**	**39,743,804**
Total Assets		**50,238,591**	**49,661,074**	**46,698,371**	**46,673,301**
Equity and Liabilities					
Equity					
Share capital	21	625,422	625,422	625,422	625,422
Reserves	21.1	258,489	188,809	456,790	456,790
Retained earnings		16,859,408	15,430,279	16,357,382	15,095,820
		17,743,319	16,244,510	17,439,594	16,178,032
Non-controlling interest		1,295,041	1,161,568	-	-
		19,038,360	**17,406,078**	**17,439,594**	**16,178,032**
Liabilities					
Non-Current Liabilities					
Borrowings	19	45,830	51,336	-	-
Lease liabilities		188,096	181,716	188,096	181,716
Retirement benefit obligation		1,206,761	1,169,900	1,206,761	1,169,900
Deferred income		3,664	-	-	-
Deferred tax		-	-	63,487	63,487
		1,444,351	**1,402,952**	**1,458,344**	**1,415,103**
Current Liabilities					
Trade and other payables	20	5,042,928	4,914,091	3,656,989	3,610,734
Borrowings	19	21,405,148	23,287,105	21,390,460	23,257,118
Current tax payable	10	3,307,804	2,650,848	2,752,984	2,212,314
		29,755,880	**30,852,044**	**27,800,433**	**29,080,166**
Total Liabilities		**31,200,231**	**32,254,996**	**29,258,777**	**30,495,269**
Total Equity and Liabilities		**50,238,591**	**49,661,074**	**46,698,371**	**46,673,301**

The consolidated and separate financial statements and notes on pages 2 to 37 were authorised and approved for issue by the board on the 26 January 2024 and were signed on its behalf by:

Mr. Taiwo A. Adeniyi
Group Managing Director/CEO
FRC/2015/IODN/0000010639

Mr. Joseph I. Alegbesogie
Finance Director
FRC/2013/ICAN/00000003728

The accounting policies and the notes on pages 7 to 37 form an integral part of these consolidated and separate financial statements.

Vitafoam Nigeria Plc

Consolidated and Separate Financial Statements for 3 months ended 31 December 2023

Consolidated and Separate Statements of Changes in Equity

Consolidated Statement of Changes in Equity

	Share capital	Foreign currency translation reserve	Reserve for valuation of investments	Other reserves	Retained earnings	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	N '000	N '000	N '000	N '000	N '000	N '000	N '000	N '000
Group								
Balance at 1 October 2022	-	(136,874)	(906)	-	(3,275,248)	(3,413,028)	(147,466)	(3,560,494)
Profit for the period					1,637,624	1,637,624	73,733	1,711,357
Other comprehensive income	-	-	-	-	-	68,890	-	68,890
Total comprehensive income for the period	-	68,437	453	-	1,637,624	1,706,514	73,733	1,780,247
Balance at 31 December 2022	**625,422**	**(1,837)**	**(36,073)**	**393,018**	**15,388,395**	**16,368,925**	**1,079,840**	**17,448,765**
Balance at 1 October 2022 as restated	**625,422**	**(70,274)**	**(36,526)**	**393,018**	**13,750,771**	**14,662,411**	**1,006,107**	**15,668,518**
Profit for the year	-	-	-	-	3,939,439	3,939,439	434,518	4,373,957
Other comprehensive income	-	(103,307)	5,898	-	(366,570)	(463,979)	-	(463,979)
Total comprehensive income for the year	**-**	**(103,307)**	**5,898**	**-**	**3,572,869**	**3,475,460**	**434,518**	**3,909,978**
Statute barred unclaimed dividend received	-	-	-	-	7,923	7,923	-	7,923
Dividend paid	-	-	-	-	(1,901,284)	(1,901,284)	(279,057)	(2,180,341)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**-**	**(1,893,361)**	**(1,893,361)**	**(279,057)**	**(2,172,418)**
Balance at 1 October 2023	**625,422**	**(173,581)**	**(30,628)**	**393,018**	**15,430,279**	**16,244,510**	**1,161,568**	**17,406,078**
Profit for the period	-	-	-	-	1,429,129	1,429,129	133,473	1,562,602
Other comprehensive income	-	69,680	-	-	-	69,680	-	69,680
Total comprehensive income for the period	**-**	**69,680**	**-**	**-**	**1,429,129**	**1,498,809**	**133,473**	**1,632,282**
Balance at 31 December 2023	**625,422**	**(103,901)**	**(30,628)**	**393,018**	**16,859,408**	**17,743,319**	**1,295,041**	**19,038,360**

The accounting policies and the notes on pages 7 to 37 form an integral part of the consolidated and separate financial statements

Vitafoam Nigeria Plc

Consolidated and Separate Financial Statements for 3 months ended 31 December 2023

Separate Statement of Changes in Equity

		Reserve for valuation of investments	Other reserves	Retained earnings	Total equity
	N '000	N '000	N '000	N '000	N '000
Company					
Balance at 1 October 2022	625,422	(36,526)	487,418	13,936,759	15,013,073
Profit for the period				1,731,462	1,731,462
Other comprehensive income	-	453	-	-	453
Total comprehensive income for the period	-	453	-	1,731,462	1,731,915
Balance at 31 December 2022	**625,422**	**(36,073)**	**487,418**	**15,668,221**	**16,744,988**
Balance at 1 October 2022	**625,422**	**(36,526)**	**487,418**	**13,936,759**	**15,013,073**
Profit for the year	-	-	-	3,418,992	3,418,992
Other comprehensive income	-	5,898	-	(366,570)	(360,672)
Total comprehensive income for the year	**-**	**5,898**	**-**	**3,052,422**	**3,058,320**
Statute barred unclaimed dividend received	-	-	-	7,923	7,923
Dividend paid	-	-	-	(1,901,284)	(1,901,284)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(1,893,361)**	**(1,893,361)**
Balance at 1 October 2023	**625,422**	**(30,628)**	**487,418**	**15,095,820**	**16,178,032**
Profit for the period	-	-	-	1,261,562	1,261,562
Total comprehensive income for the period	**-**	**-**	**-**	**1,261,562**	**1,261,562**
Balance at 31 December 2023	**625,422**	**(30,628)**	**487,418**	**16,357,382**	**17,439,594**

The accounting policies and the notes on pages 7 to 37 form an integral part of the consolidated and separate financial statements.

Consolidated and Separate Statements of Cash Flows

		Group		Company	
	Note(s)	31 Dec. 2023 N '000	31 Dec. 2022 N '000	31 Dec. 2023 N '000	31 Dec. 2022 N '000
Cash flows from operating activities					
Cash generated from operations	23	7,228,676	4,005,925	6,662,189	3,814,035
Tax paid	10	(17,087)	-	-	-
Net cash from operating activities		**7,211,589**	**4,005,925**	**6,662,189**	**3,814,035**
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(59,385)	(123,422)	(25,566)	(119,809)
Proceed from disposal of property, plant and equipment		-	1,484	-	1,484
Finance lease receipts		8,448	6,290	8,448	6,290
Interest Income	8	441,471	250,995	441,436	250,564
Net cash from investing activities		**390,534**	**135,347**	**424,318**	**138,529**
Cash flows from financing activities					
Proceeds from borrowings	19	781,134	1,625,416	781,134	1,625,416
Repayment of borrowings	19	(2,668,596)	(1,121,498)	(2,647,791)	(963,159)
Finance costs	7	(911,912)	(173,840)	(906,314)	(168,064)
Net cash from financing activities		**(2,799,374)**	**330,078**	**(2,772,971)**	**494,193**
Total movement for cash & cash equivalent for the period		**4,802,749**	**4,471,350**	**4,313,536**	**4,446,757**
Cash at the beginning of the period		21,833,668	15,278,674	21,166,458	14,985,016
Cash and cash equivalent at the end of the period	18	**26,636,417**	**19,750,024**	**25,479,994**	**19,431,773**

The accounting policies and the notes on pages 7 to 37 form an integral part of the consolidated and separate financial statements.

Significant accounting policies

Corporate information

Vitafoam Nigeria Plc is Nigeria's leading manufacturer of flexible, reconstituted and rigid foam products. It has the largest foam manufacturing and distribution network, which facilitates just-in-time delivery of its products throughout Nigeria. Incorporated on 4 August 1962 and listed on the floor of the Nigerian Stock Exchange in 1978. Vitafoam's successful brands remain household names in the country. Vitafoam Nigeria Plc is domiciled and incorporated in Nigeria.

The company is consolidating its core business by the introduction of innovative value added products and services. It is exploiting polyurethane technology in the more profitable technical/ industrial and construction business. It has become a full range solutions provider for polyurethane products and bedding/ cushion products. Its Comfort Centers provide a one-stop shop for discerning consumers of its products. In addition, Vitafoam is striving to be a major player in the Oil and Gas industry by providing insulation solutions to Oil companies.

The Company has carved a niche for itself in the industry by its offer of a vast array of high and superior quality products that present the customers multiple choices. Mattresses of varied resilience and hardness are available nationwide. By use of contours cutting equipment, Vitafoam designs and constructs custom-made mattresses and pillows. In addition, a range of profile products that are versatile in use are offered to the market - Mats (Vitarest, Leisure mats etc.) and Foam sitting chairs (Vitasolid). The needs of nursing mothers are addressed by the offering of a number of foam based baby products (Changing mat, Baby cot mattresses, pillows etc.). Rigid polyurethane foam manufactured by Vitafoam is found useful in the oil industry, refrigeration, conditioners, poultry enclosure and office partitioning.

The address of the registered office is 140, Oba Akran Avenue, Ikeja Industrial Estate, Lagos, Nigeria.

Vitafoam Nigeria Plc is a Public Limited Liability company and it has six subsidiaries . These subsidiaries include Vitavisco Ltd, Vitapur Ltd, Vono Furnitures Ltd, Vitablom Ltd, Vitafoam Sierra Leone Ltd, Vitapart Nigeria Ltd.

Foreign operations are included in accordance with the policies set out in note 1.4.

These consolidated and separate financial statements are presented in Nigerian Naira, which is the functional currency of the primary economic environment in which the Group operates. The financial statements have been rounded to the nearest thousands.

The consolidated financial statements incorporate the financial statements of Vitafoam Nigeria Plc. and its subsidiaries, collectively called "the Group" made up to 30 September each year. The ultimate controlling party of the Group is the parent , Vitafoam Nigeria Plc.

Separate financial statements for Vitafoam Nigeria Plc (the Company) have also been presented. The same accounting policies are used by both the Group and Company.

The consolidated and separate financial statements were authorised for issue by the Board of Directors on 26 January, 2024.

1. Significant accounting policies

1.1 Composition of financial statements

The consolidated and separate financial statements are presented in Naira which is the functional currency of Vitafoam Nigeria Plc in accordance with International Financial Reporting Standards (IFRS). These comprise:

- Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income
- Consolidated and Separate Statements of Financial Position
- Consolidated and Separate Statements of Changes in Equity
- Consolidated and Separate Statements of Cash Flows;
- Significant accounting policies; and
- Notes to the Consolidated and Separate Financial Statements

1.2 Basis of measurement and preparation

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) applicable for the period ended 31 December 2023, including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee; and the Financial Reporting Council of Nigeria Act and the Companies and Allied Matters Act.

The preparation of consolidated and separate financial statements in conformity with generally accepted accounting principles under IFRS requires the directors to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the directors' best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Disclosed in note 1.18 are areas where significant judgement and estimate has been applied in the preparation of these financial statements.

The consolidated and separate financial statements have been prepared on the historical cost basis, except for the revaluation of financial assets that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Significant accounting policies

1.2 Basis of measurement and preparation (continued)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

Going Concern

The consolidated and separate financial statements have been prepared on a going concern basis. Nothing has come to the attention of the directors that cast doubt about the ability of the Group and company to continue as a going concern.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.3 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non controlling interest . Total comprehensive income of the subsidiaries is attributed to the owners of the company and to the non-controlling interest even if the results in the non-controlling interest having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation

Significant accounting policies

1.3 Consolidation (continued)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition by acquisition basis. Other non controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity . Total comprehensive income is attributed to non-controlling interest even if this results in the non-controlling is in deficit.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments when applicable, or the cost on initial recognition of an investment in an associate or a joint venture

Investments in subsidiaries in the separate financial statements

In the company's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

1.4 Foreign currency

Functional and presentation currency

Items included in the consolidated and separate financial statements of each of the group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated consolidated and separate financial statements are presented in Naira which is the group functional and presentation currency.

Transactions and balances

In preparing the financial statements of the Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into to hedge certain foreign currency risks (see below under financial instruments/hedge accounting); and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

Foreign Operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

Significant accounting policies

1.4 Foreign currency (continued)

In addition, in relation to a partial disposal of a subsidiary that include a foreign operation that does not results in the group locontrol over the subsidiary . the proportionate share of accumulated foreign exchange difference are re-distributed to noncontrolling interest and are not recognised in profit or loss . For other partial disposal (i.e. partial disposal i associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income

1.5 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

The Group recognises revenue from sales of foams, mattress, pillows etc

Sale of goods

The Company sells its goods both to wholesalers (Key distributors) and directly to customers through its retail outlets (comfort centres).

For sales of its goods to the wholesale market, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the wholesaler's specific location (delivery). Following delivery, the wholesaler has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods.

A receivable is recognised by the Company when the goods are delivered to the wholesaler as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. For sales of goods to retail customers, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Under the Company's standard contract terms, customers are entitled to variable consideration. This represents the discount applied directly on invoice and all other discount to customers for performance.

Under current revenue recognition standard, upon transportation of goods to customers the company recognize revenue.

1.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using standard costing model. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity)

Raw materials, non-returnable packaging materials and purchase cost on a weighted average basis including consumable spare parts - transportation and applicable clearing charges.

Finished products and products in-process (work in progress) - weighted average cost of direct materials, labour costs and a proportion of production overheads based on normal operating cycle

Inventory-in-transit - Purchase cost incurred to date

Net realisable value is the estimated selling price in the ordinary course of business, less any applicable selling expenses. Allowance is made for defective and slow moving items as appropriate. If carrying value exceeds net realizable amount, a write down is recognized. The write-down may be reversed in a subsequent period if the circumstances which caused it no longer exist.

Inventory provision

A provision should be made at half year and financial year end to derecognise impairmed value of inventory held, likely to be incurred in the coming year, through obsolescence, damage, expired shelf life, or loss of value in the above stated categorisation.

Chemical : The Inventory of chemical carries expiry dates, however that on its own does not mean the chemical is not useable. Expired chemicals are re-evaluated by the technical team through further analysis to determine the efficacy and potency with the view to determining the quantity of addictive to revalidate such chemical. The value of the additives required to restore potency is provided as the value of impairment.

Textile/packing : This has no fixed shelf life and are therefore not subjected to provision except where there is discontinuation in usage of a particular design.

Furniture : This is further differentiated for the purpose of impairment test as follows:

1.6 Inventories (continued)

Metal Furniture	Exceeding	8 years	30% impairment
Wooden Furniture	Exceeding	7 years	50% impairment
MDF Furniture	Exceeding	5 years	80% impairment
Foam Furniture	Only the cost of recovery is taken as the impairment cost		

Obsolete inventory : These are stocks that are no longer saleable or useful in the production process. This will be impaired 100%.

Significant accounting policies

1.7 Financial assets

Finance lease receivable

The lease receivables are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the group is a lessor is recognised in income on a straightline basis over the lease term.

Financial liabilities:

Trade and other payables:

Trade and other payables are obligations to pay for services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings:

Borrowings are recognised initially at fair value, net of transaction costs and are subsequently stated at amortised cost and include accrued and prepaid interest. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months from the reporting date. Bank overdrafts are shown within borrowings in current liabilities and are included within cash and cash equivalents in the statement of cash flow as they form an integral part of the group's cash management.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired.

1.8 Property, plant and equipment

The measurement basis of property, pant and equipment is cost less accumulated depreciation and impairment losses. Cost includes purchase price and any directly attributable cost to bring the assets to the condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognized 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 Group and the cost can be measured reliably. Repairs and maintenance costs are charged to the profit or loss in the period they are incurred.

The Group allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. The carrying amount of a replaced part is derecognized when replaced. 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. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other income' in the profit or loss.

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Asset Category	Useful life(years)
Buildings	33
Plant and machinery	5
Furniture and fixtures	5
Motor vehicles	4

The Board of Directors in 2022 approved a change to the useful life of used motor vehicle from four years to two years while IT equipent from 5 years to two years under the assets class of furniture and fittings

Land is carried at cost less any impairment. Land is not depreciated. In case where an asset's carrying amount is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference (impairment loss) is recorded as expense in profit or loss

Derecognition of Property, plant and equipment

When an item of property, plant and equipment is disposed, the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Significant accounting policies

1.8 Property, plant and equipment (continued)

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 Group's accounting policy. Depreciation of these assets, determined on the same basis as other property assets, commences when the assets are ready for their intended use.

The annual rates of depreciation are consistent with those of prior year.

Property, plant and equipment that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Property, plant and equipment that suffer impairment are reviewed for possible reversal of the impairment at each balance sheet date.

1.9 Taxation

Current tax assets and liabilities

The income tax expense represents the sum of the tax currently payable and deferred tax.

Current Income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred Income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, a deferred tax liability is not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The directors reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the directors have determined that the 'sale' presumption set out in the amendments to IAS 12 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Significant accounting policies

1.9 Taxation (continued)

Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The following are the relevant tax rates

- Company income tax at 30%
- Tertiary eduction ta at 2.5% of assessable profit
- Police trust fund levy at 0.005% of profit

1.10 Employee benefits

Pension obligations

The Company operates a pension scheme which is generally funded through payments to insurance companies or trustee administered funds, determined by periodic actuarial calculations. The Company operates 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. A defined benefit plan is a pension plan that is not a defined contribution plan.

The Group has both defined benefit and defined contributory schemes.

Defined Contributory scheme

In Nigeria, the Group, in line with the provisions of the Pension Reform Act 2014, operates a defined contribution pension scheme under which the Group contributes 10% and its employees each contribute 8% of the employees' monthly basic salary,housing and transport allowances to the fund.

The Group also operates defined contribution schemes in accordance with the relevant local laws. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expenses when they are due.

The staff contributions to the scheme are funded through payroll deductions while the Group's contributions are accrued and charged fully to the profit or loss account. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Defined benefits scheme

A defined benefit plan is a retirement benefit plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for actuarial gains or losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates on government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Actuarial gains and losses are recognized in full in the period in which they occurred, in other comprehensive income and cumulated in other reserves without recycling to profit or loss in subsequent periods.

The current service cost of the defined benefit plan, recognised in the statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes curtailments and settlements. Past-service costs are recognised immediately in income.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Payments made to state-managed retirement benefit plans are accounted for as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

1.10 Employee benefits (continued)

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset. Defined benefit costs are split into three categories:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements

The Group recognises service costs as gratuity expenses within profit or loss as administrative expenses (see note 5).

Interest expense or income is recognised within finance costs (see note 7 and 8).

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Discretionary contributions made by employees or third parties reduce service cost upon payment of these contributions to the plan.

When the formal terms of the plans specify that there will be contributions from employees or third parties, the accounting depends on whether the contributions are linked to service, as follows:

- If the contributions are not linked to services (e.g. contributions are required to reduce a deficit arising from losses on plan assets or from actuarial losses), they are reflected in the remeasurement of the net defined benefit liability (asset).
- If contributions are linked to services, they reduce service costs. For the amount of contribution that is dependent on the number of years of service, the entity reduces service cost by attributing the contributions to periods of service using the attribution method required by IAS 19:70 for the gross benefits. For the amount of contribution that is independent of the number of years of service, the entity [reduces service cost in the period in which the related service is rendered/reduces service cost by attributing contributions to the employees' periods of service in accordance with IAS 19:70].

Pensions and other post-employment benefits

The Group and Company operate a defined contribution based retirement benefit scheme for its staff, in accordance with the Pension Reform Act of 2004 with employee contributing 8% and the employer contributing 10% each of the employee’s relevant emoluments. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions.

The Group also operates a gratuity scheme for its qualified staff. Benefits are related to the employees' length of service and remuneration. The cost of providing gratuity benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period. All actuarial gains and losses are recognised immediately through other comprehensive income. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements
- Net interest expense or income.
- Remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item [‘employee benefits expense’/others (please specify)]. Curtailment gains and losses are accounted for as past service costs

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

In addition the Group operates long service award to its qualified staff. The benefits are graduated depending on the employees number of years in service to the group.

Other long term benefits

Other long term benefits - Long Service awards are paid to qualifying staff when earned. The Group's liability to staff is measured annually by independent actuaries using the projected credit unit method.

1.10 Employee benefits (continued)

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

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Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

1.11 Share capital

The Company has only one class of shares, ordinary shares. Ordinary shares are classified as equity. When new shares are issued, they are recorded as share capital at their par value. The excess of the issue price over the par value is recorded in the share premium reserve.

1.12 Dividend distribution

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

Unclaimed dividends which remain unclaimed for a period exceeding twelve (12) years from the date of declaration and which are no longer actionable by shareholders in accordance with section 385 of the Companies and Allied Matters Acts of Nigeria are written back to retained earnings.

1.13 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the group has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

1.13 Leases (continued)

Group as a lessee

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the group under residual value guarantees;
- the exercise price of purchase options, if the group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

The group assesses whether a contract is, or contains, a lease, at inception of the contract. The group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets . For these leases, the group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance costs (note 7).

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group did not make any such adjustments during the periods presented.
Details of leasing arrangements where the group is a lessee are presented in note Leases (group as lessee).

1.13 Leases (continued)

Right-of-use assets

Right-of-use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:
- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, revaluation less subsequent deprciation.

Right-of-use assets are depreciated over lease term using straight line depreciation method. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other expenses" in profit or loss.

Group as lessor

The Group enters into lease agreements as a lessor with respect to some of its investment properties.

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described previously, then it classifies the sub-lease as an operating lease.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

1.14 Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director of Vitafoam Nigeria Plc.

Significant accounting policies

1.14 Segmental reporting (continued)

An operating segment is a distinguishable component of the Company that earns revenue and incurs expenditure from providing related products or services (business segment), or providing products or services within a particular economic environment (geographical segment), and which is subject to risks and returns that are different from those of other segments.

The primary format for segment reporting is based on business segments. The business segments are determined by management based on the Company's internal reporting structure.

1.15 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

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

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation is suspended during extended periods in which active development is interrupted.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, 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.

1.16 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property. Land held under operating leases is classified and accounted for by the Company as investment property when the definition of investment property would otherwise be met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and (where applicable) borrowing costs. After initial recognition, investment property is carried at cost less accumulated depreciation and impairment. Recognition of investment properties takes place only when it is probable that the future economic benefits that are associated with the investment property will flow to the Group and the cost can be reliably measured.

This is usually when all risks are transferred. Rental income represents income received from letting of properties. Income is recognised on an accrual basis and credited to the profit or loss.

Property rented to a parent, subsidiary, or fellow subsidiary is not investment property in consolidated financial statements that include both the lessor and the lessee, because the property is owner-occupied from the perspective of the group. However, such property could qualify as investment property in the separate financial statements of the lessor, if the definition of investment property is otherwise met.

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

Depreciation is recognised so as to write off the cost of the investment property over their useful lives, using the straight-line method, on the following basis:

1.16 Investment property (continued)

Asset Category	Useful life (years)
Investment property	33

1.17 Intangible assets

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

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of five years. Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

There were no development expenditure capitalised as internally generated intangible asset during the year (2022: Nil). No impairment charges as the assets were not impaired.

Internally-generated intangible assets - research and development expenditure

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following conditions have been demonstrated:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

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

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	5 yreas

Significant accounting policies

1.18 Critical accounting judgements and sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognized and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Calculation of loss allowance

When measuring ECL the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Default rate constitutes a key input in measuring ECL. Loss rate is the estimate of the proportion of historical receivables balances that were never recovered within the defined loss point for various categories of customers. In determining the loss rates, an historical age analysis detailing the amounts that remained unpaid by customers as at the defined loss points defined by management for the various customer Companys.The calculation of which includes historical data, assumptions and expectations of future conditions. An historical/observed default rates obtained and regress with the historical data of the two chosen macroeconomic variables sourced over the same length of period which the default rates were obtained. The model generates regression coefficients (intercept and slopes) which are applied of the forecast macroeconomic data. A scalar is obtained which is applied to the Historical loss rate.

Significant accounting policies

1.18 Critical accounting judgements and sources of estimation uncertainty (continued)

Useful life of property, plant and equipment and investment property

The Company calculates depreciation of property, plant and equipmentand investment property on a straight-line basis so as to write off the cost of the assets over their expected useful lives. The economic life of an asset is determined based on existing wear and tear, economic and technical ageing, legal or other limits on the use of the asset and obsolescence. If some of these factors were to deteriorate materially, impairing the ability of the asset to generate future cash flow, the Company may accelerate depreciation charges to reflect the remaining useful life of the asset or record impairment.

The Company considers this to be a critical accounting estimate because any material change in the useful lives of the Company's property, plant and equipment and investment property would significantly impact the Company's ability to generate future cash flows, and depending on the asset, would have a material impact on the value of property, plant and equipment and may decrease/increase the Company's net loss. The changes in useful lives of some items of property, plant and equipment were not significant.

Impairment of investment in subsidiaries

In line with the requirements of IAS 36 the Group annually perform impairment assessment to determine the recoverable amount of the investment in the subsidiary by using value in use (VIU) model to determine the recoverable amount of the investment as at 30 September 2023 and this approach involved the use of discounted cash flow model with several key assumptions including revenue growth rate, discount rate, gross margin rate and terminal value growth rate . If the assessment resulted in sufficient head room no impairment loss would be recognised.

Impairment of non-financial assets

IAS 36 requires an assessment of the indicators of impairment at least at each reporting period end. Where no indicators exists as at review date, the standard precludes the need for any further impairment testing. The Directors have reviewed all indicators as at the reporting date and concluded that no non-financial assets were impaired.

Pension obligations

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for these benefits include the discount rate. Any changes in these assumptions will impact the carrying amount of employee benefit obligations.

The Group's actuary determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations.

In determining the appropriate discount rate, the actuaries considers the interest rates of high-quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related employee benefit obligation. Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in note .

Income taxes

Taxes are paid by Companies under a number of different regulations and laws, which are subject to varying interpretations. In this environment, it is possible for the tax authorities to review transactions and activities that have not been reviewed in the past and scrutinize these in greater detail, with additional taxes being assessed based on new interpretations of the applicable tax law and regulations.

Accordingly, management's interpretation of the applicable tax law and regulations as applied to the transactions and activities of the Companies within the Group may be challenged by the relevant taxation authorities. The Group's management believes that its interpretation of the relevant tax law and regulations is appropriate and that the tax position included in these financial statements will be sustained.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Group's accounting policies and that have the most signicant effect on the amounts recognised in financial statements:

Investment in subsidiary – Vitapur Nigeria Limited, Vitablom Nigeria Limited and Vitavisco Nigeria Limited

Even though Vitafoam holds only 40% of the equity shares in Vitapur Nigeria Limited, 40.64% in Vitablom Nigeria Limited and 40% in Vitavisco Nigeria Limited, the Directors believe that Vitafoam has control over Vitapur Nigeria Limited, Vitablom Nigeria limited and Vitavisco Nigeria Limited even though it holds less than half of the voting rights of the entities and it has a sufficiently dominant voting interest to direct the relevant activities, controls the financials and operating policies of Vitapur Nigeria Limited , Vitablom Nigeria Limited and Vitavisco Nigeria Limited. This key judgement forms the basis for the consolidation of Vitapur Nigeria Limited , Vitablom Nigeria Limited and Vitavisco Nigeria Limited in these consolidated financial statements.

1.19 Financial instruments

Cash and cash equivalents

The company considers three categories as Cash and Cash Equivalents. Cash and Bank balances which comprises of cash at bank and in hand including cash in transit and time deposits whose contractual maturities (or maturities at inception) are of three months or less. Short term investments which include time deposits whose contractual maturities (or maturities at inception) are comprised between three months after the closing date, trading portfolios, investment at amortized costs, other short term investments and margin accounts deposited. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Financial assets

Despite the foregoing, the Group may make the following irrevocable election/ designation at initial recognition of a financial asset:.

- the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Group may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch (see (iv) below)

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit impaired financial assets (i.e. assets that are credit impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (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) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit impaired financial assets, a credit adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit impaired (see below). For financial assets that have subsequently become credit impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit impaired financial instrument improves so that the financial asset is no longer credit impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit impaired financial assets, the Group recognises interest income by applying the credit adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit impaired.

(ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Group are classified as at FVTOCI. Fair value is determined in the manner described in note 1.2. The corporate bonds are initially measured at fair value plus transaction costs.

Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses (see below), impairment gains or losses (see below), and interest income calculated using the effective interest method (see (i) above) are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

On initial recognition, the Group may make an irrevocable election (on an instrument by instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

1.19 Financial instruments (continued)

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short term profit taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item (note 8) in profit or loss.

The Group does not have and neither have they designated any investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI (see (i) to (iii) above) are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the
- amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit, loss includes any dividend, or interest earned on the financial asset and is included in the 'other gains and losses' line item. Fair value is determined in the manner described in the Group's accounting policies (note 1.2).

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item;
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss in the 'other gains and losses' line item. Other exchange differences are recognised in other comprehensive income in the investments revaluation reserve;
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the 'other gains and losses' line item; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investments revaluation reserve.

Derecognition

Financial assets

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

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

Financial liabilities

1.19 Financial instruments (continued)

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or part of it as an extinguishment of the original financial liability and the recognition of a new liability.

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

1.20 Provisions and Contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.
Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liabilities

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

1.21 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.
The legally enforceable right is not contingent on future events and is enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

1.22 Related parties

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

2. Revenue

The Group derives its revenue from contracts with customers for the transfer of goods at a point in time for the following major product lines; foam. mattress, furnitures and parts. This is consistent with the revenue information that is disclosed for each reportable segment under IFRS 8 Operating Segments (see note).

In presenting information on the basis of geography, segment revenue is based on the geographical location of the customers.

Group analyses its net revenue by the following categories:

Notes to the Consolidated and Separate Financial Statements

2. Revenue (continued)

	Group		Company	
	3 months ended December 31		3 months ended December 31	
	2023	2022	2023	2022
	N '000	N '000	N '000	N '000
Revenue from contracts with customers				
Sale of goods (Foams and other products)	19,052,921	14,101,827	17,336,603	12,840,588
Revenue other than from contracts with customers				
Within Nigeria	18,512,039	13,829,340	17,336,603	12,840,588
Outside Nigeria	540,882	272,487	-	-
	19,052,921	**14,101,827**	**17,336,603**	**12,840,588**

3. Cost of sales

	Group 2023 N '000	Group 2022 N '000	Company 2023 N '000	Company 2022 N '000
Sale of goods	12,129,294	9,013,052	11,472,394	8,546,132
Manufactured goods:				
Employee costs	75,521	56,454	75,521	56,454
Depreciation and impairment	173,659	84,812	52,518	46,187
Manufacturing expenses	46,377	42,728	38,437	34,962
	12,424,851	**9,197,046**	**11,638,870**	**8,683,735**

4. Other gains and losses

	Group 2023 N '000	Group 2022 N '000	Company 2023 N '000	Company 2022 N '000
Sale of scrap items	152,858	38,951	115,414	34,082
Rental income	1,479	1,749	25,646	25,915
Investment income	139	478	139	93
Profit on disposal of asset	-	1,484	-	1,484
Provision no longer required	-	4,077	-	4,077
	154,476	**46,739**	**141,199**	**65,651**

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
	3 months ended December 31		3 months ended December 31	
	2023	2022	2023	2022
	N '000	N '000	N '000	N '000
5. Administrative expenses				
AGM expenses	408	2,761	325	2,604
Advertising	116,899	121,754	89,788	107,199
Audit fees	8,898	7,855	5,500	6,096
Bad debt expense	988	-	-	-
Bank charges	25,140	10,788	18,136	6,983
Cleaning	17,369	13,177	7,827	7,760
Professional and Consulting fees	27,563	11,518	11,521	7,868
Depreciation and amortisation	128,890	116,867	98,753	64,124
Donations	3,235	7,250	2,480	5,931
Employee costs (Note 34)	807,627	694,056	612,190	512,516
Entertainment	10,157	10,831	6,382	8,472
Other admin and general expenses (Note 5.1)	5,051	1,274	2,477	297
Conference & award expenses	1,198	-	1,198	-
Exchange loss	1,742,056	597,447	1,705,042	310,810
Insurance	40,386	27,584	33,981	22,882
Rent and rates	22,295	12,597	7,942	3,282
Stationery, newspapers and periodicals	11,470	8,937	8,276	6,296
Electricity and other utilities	202,141	123,529	168,527	112,190
Postages, telephone and internet	20,241	14,162	15,629	11,419
Protective clothing	411	741	106	309
Repairs and maintenance	93,762	68,072	68,908	58,294
Research and development costs	9,057	2,826	145	-
Security	15,436	14,278	10,673	9,366
Subscriptions	6,088	6,364	4,406	4,903
Transport and travelling	90,130	41,470	63,628	21,900
	3,406,896	**1,916,138**	**2,943,840**	**1,291,501**

5.1 Other admin and general expenses comprises of sundry expense and employees scholarship scheme expenses respectively

	Group		Company	
	3 months ended December 31		3 months ended December 31	
	2023	2022	2023	2022
	N '000	N '000	N '000	N '000
6. Distribution expenses				
Distribution expenses	627,988	542,688	587,406	515,034

This represent cost incurred in the delivery of finished products to customers during the financial period

6. Distribution expenses (continued)

	Group		Company	
	3 months ended December 31		3 months ended December 31	
	2023	2022	2023	2022
	N '000	N '000	N '000	N '000
7. Finance costs				
Interest on loans and overdraft	908,956	166,434	903,358	160,657
Other finance cost (Note 7.1)	2,956	7,407	2,956	7,407
	911,912	**173,841**	**906,314**	**168,064**
Add: Non cash effect	-	-	-	-
Interest on Lease	6,380	5,557	6,380	5,557
Interest on defined benefit obligation	79,636	47,310	79,636	47,310
Total finance costs	**997,928**	**226,708**	**992,330**	**220,931**

7.1 Other finance cost consist of management and guarantee fees paid on banks credit facilities renewed during the year

	Group		Company	
	3 months ended December 31		3 months ended December 31	
	2023	2022	2023	2022
	N '000	N '000	N '000	N '000
8. Finance income				
Interest on time deposit	441,471	250,995	441,436	250,564
Interest on plan assets	45,440	27,916	45,440	27,916
	486,911	**278,911**	**486,876**	**278,480**
9. Taxation				
Income tax expense				
Income tax	674,043	833,540	540,670	742,056
	674,043	833,540	540,670	742,056

	Group		Company	
	31 Dec. 2023	30 Sept. 2023	31 Dec. 2023	30 Sept. 2023
	N '000	N '000	N '000	N '000
10. Tax Payable				
The movement in tax payable/receivable is as follows:				
At 1 October	2,650,848	2,759,597	2,212,314	2,337,389
Company income tax for the year	674,043	2,612,917	540,670	2,212,066
Payment during the period/year	(17,087)	(2,721,666)	-	(2,337,141)
At 30 September	**3,307,804**	**2,650,848**	**2,752,984**	**2,212,314**

11. Property, plant and equipment

Property, plant and equipment - Group

	Land	Buildings	Plant and machinery	Furniture and fixtures	Motor vehicles	Total
	N '000	N '000	N '000	N '000	N '000	N '000
Cost						
At 1 October 2022	301,708	5,789,569	4,486,094	550,169	727,750	11,855,290
Additions	13,932	185,540	904,766	32,112	380,372	1,516,722
Adjustment	-	(23,582)	-	-	-	(23,582)
Reclassifications	122,528	(122,528)	-	-	-	-
Disposals	-	-	(1,945)	(4,291)	(148,994)	(155,230)
Effect of exchange differences	-	231,222	42,475	4,620	11,640	289,957
At 30 September 2023	**438,168**	**6,060,221**	**5,431,390**	**582,610**	**970,769**	**13,483,157**
Additions	-	6,174	17,717	13,444	22,050	59,385
Disposals	-	-	(19,657)	-	(1,900)	(21,557)
Effect of exchange differences	-	110,753	20,345	2,212	6,146	139,456
At 31 December 2023	**438,167**	**6,177,148**	**5,449,795**	**598,266**	**997,065**	**13,660,441**
Depreciation and impairment						
At 1 October 2022	-	1,530,405	3,090,944	406,835	552,187	5,580,371
Charge for the year	-	220,763	474,689	48,133	166,920	910,505
Disposals	-	-	-	(4,291)	(124,596)	(128,887)
Effect of exchange differences	-	54,677	46,599	3,993	9,288	114,557
At 30 September 2023	**-**	**1,805,845**	**3,612,232**	**454,670**	**603,799**	**6,476,546**
Charge for the period	-	54,114	173,659	15,554	53,432	296,759
Disposals	-	-	(19,657)	-	(1,900)	(21,557)
Effect of exchange differences	-	29,887	19,834	1,989	5,165	56,875
At 31 December 2023	**-**	**1,889,846**	**3,786,068**	**472,211**	**660,502**	**6,808,623**
Carrying amount						
At 30 September 2023	**438,168**	**4,254,376**	**1,819,158**	**127,940**	**366,970**	**7,006,612**
At 31 December 2023	**438,167**	**4,279,343**	**1,678,961**	**117,979**	**337,368**	**6,851,818**

Notes to the Consolidated and Separate Financial Statements

11. Property, plant and equipment (continued)

Property, plant and equipment - Company

	Land	Buildings	Plant and machinery	Furniture and fixtures	Motor vehicles	Total
	N '000	N '000	N '000	N '000	N '000	N '000
Cost						
At 1 October 2022	294,098	2,639,805	2,629,919	371,802	567,525	6,503,149
Additions	13,932	159,967	110,452	25,878	375,882	686,111
Disposal	-	-	-	(4,291)	(148,994)	(153,285)
Transfers	-	(23,582)	-	-	-	(23,582)
Reclassifications	122,528	(122,528)	-	-	-	-
At 30 September 2023	**430,558**	**2,653,662**	**2,740,371**	**393,389**	**794,413**	**7,012,393**
Additions	-	3,674	4,980	4,352	12,560	25,566
Disposals	-	-	-	-	-	-
At 31 December 2023	**430,557**	**2,657,337**	**2,745,351**	**397,741**	**806,974**	**7,037,959**
Accumulated depreciation						
At 1 October 2022	-	744,807	2,003,152	310,419	439,808	3,498,186
Depreciation	-	77,682	198,404	23,966	142,754	442,806
Disposals	-	-	-	(4,292)	(124,596)	(128,888)
At 30 September 2023	**-**	**822,489**	**2,201,556**	**330,093**	**457,966**	**3,812,104**
Disposals	-	-	-	-	-	-
Depreciation	-	20,113	52,518	6,336	48,741	127,708
At 31 December 2023	**-**	**842,602**	**2,254,074**	**336,430**	**506,707**	**3,939,813**
Carrying amount						
At 30 September 2023	**430,557**	**1,831,174**	**538,814**	**63,296**	**336,448**	**3,200,289**
At 31 December 2023	**430,557**	**1,814,735**	**491,277**	**61,312**	**300,265**	**3,098,146**

11.1 Assets pledged - Security

As at 31 December 2023, all the fixed and floating properties of the parent (Vitafoam Nigeria Plc) were subject to a registered debenture that forms security for bank loans (see Note 19 for details)

12. Intangible assets

Intangible assets- Group

	Computer Software N'000
Cost	
At 1 October 2022	132,681
Additions	43,792
Foreign exchange movements	860
At 30 September 2023	**177,333**
Effect of exchange difference	412
At 31 December 2023	**177,745**
Amortisation and impairment	
At 1 October 2022	(111,317)
Amortisation	(7,188)
At 30 September 2023	**(118,505)**
Amortisation	(4,004)
At 31 December 2023	**(122,509)**
Carrying amount	
At 30 September 2023	**58,828**
At 31 December 2023	**55,236**

Intangible assets - Company

	Computer Software N'000
Cost	
At 1 October 2022	124,392
Additions	43,596
At 30 September 2023	**167,988**
At 31 December 2023	**167,988**
Amortisation and impairment	
At 1 October 2022	(106,559)
Charge for the year	(6,608)
At 30 September 2023	**(113,167)**
Amortisation	(3,860)
At 31 December 2023	**(117,026)**
Carrying amount	
At 30 September 2023	**54,822**
At 31 December 2023	**50,962**

All intangible assets are non-current. All intangible assets of the Group have finite useful life and are amortised over 5 years in line with its accounting policy. The intangible assets represent cost of the Sage ERP package deployed

13. Investment property

Investment property - Company

	Investment property N'000
Cost	
At 1 October 2022	2,363,323
Additions	1,558
At 30 September 2023	**2,364,881**
At 31 December 2023	**2,364,881**
Depreciation and impairment	
At 1 October 2022	(585,279)
Depreciation	(71,616)
At 30 September 2023	**(656,895)**
Depreciation	(17,916)
At 31 December 2023	**(674,811)**
Carrying amount	
Carrying amount	
At 30 September 2023	**1,707,986**
At 31 December 2023	**1,690,070**

The building is depreciated on a straight line basis at a rate of 3% per annum

The company's investment property is occupied by related parties. Therefore, there is no investent property recorded for the group upon consolidation.

The investment properties comprises three buildings located in Lagos State and Ogun State. The Company has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements. The Company adopted the cost model to subsequently measure its investment properties. Land is not depreciated.

The valuation was performed by Jide Taiwo Estate Surveyors & Valuers, FRC/2012/0000000000254 an accredited independent valuer, as at 4 December 2023. The valuer arrived at their opinion after adopting the Open Market basis reflecting continuity of existing use, with recourse to 'Depreciated Replacement Cost'. This represents the current cost of reconstructing the existing structure together with improvements in today's market adequately depreciated to reflect its physical wear and tear, age, functional and economic obsolescence plus the site value in its existing use as at the date of inspection.

As at 30 September 2023, the fair value of the investment properties was N4.23 billion. The depreciated replacement cost approach was used to determine the value using the market observable data. Changes in the underlying assumptions can lead to adjustments in the fair value of the investment properties.

Notes to the Consolidated and Separate Financial Statements

14. Investment in financial asset

Investment in equity instrument classified as fair value through OCI include the following:

	Group		Company	
	31 Dec. 2023 N '000	30 Sept. 2023 N '000	31 Dec. 2023 N '000	30 Sept. 2023 N '000
Investment in quoted shares	11,630	11,630	11,630	11,630
Fair value movement during the year				
At 1 October	11,630	5,732	11,630	5,732
Gain/(loss) on fair valuation	-	5,898	-	5,898
	11,630	**11,630**	**11,630**	**11,630**

15. Inventories

Finished goods- cost	1,108,863	1,430,098	852,339	1,183,218
Raw materials- cost	7,516,019	10,992,847	5,388,226	9,034,091
Work in progress-cost	1,044,910	1,141,328	831,986	907,147
Spare parts and consumables - cost	954,659	829,435	813,665	678,171
	10,624,451	14,393,708	7,886,216	11,802,627
Inventories (write-downs)	(97,040)	(97,040)	(67,679)	(67,679)
	10,527,411	**14,296,668**	**7,818,537**	**11,734,948**

	Group		Company	
	31 Dec. 2023 N '000	30 Sept. 2023 N '000	31 Dec. 2023 N '000	30 Sept. 2023 N '000
16. Trade and other receivables				
Trade receivables	1,008,183	1,040,350	487,729	377,805
Allowance for doubtful debt receivables	(404,745)	(422,868)	(244,624)	(244,624)
Trade receivables at amortised cost	603,438	617,482	243,105	133,181
Staff Debtors	5,301	4,807	2,165	-
Other receivables (Note 16.1)	1,366,788	1,399,680	1,108,937	954,122
Receivables from related parties (Note 24)	-	-	2,144,446	2,122,022
Total trade and other receivables	**1,975,527**	**2,021,969**	**3,498,653**	**3,209,325**

The average credit period on sales of goods is 30 days. No interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss. The expected credit losses on trade receivables are estimated using the simplified model to derive a historical loss rate with reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognised a loss allowance of 100% against all receivables over 365 days past due because historical experience has indicated that these receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. This is done by management on a case by case assessment of the debtor. None of the trade receivables that have been written off is subject to enforcement activities.

17. Other assets

Other assets represents various forms of prepayments. They are as follows

	Group		Company	
	31 Dec. 2023 N '000	**30 Sept. 2023 N '000**	**31 Dec. 2023 N '000**	**30 Sept. 2023 N '000**
Prepaid rent	80,228	119,161	39,745	68,580
Prepaid insurance	145,237	42,388	124,573	38,856
Prepaid advertisement	60,174	46,091	60,174	46,091
Prepaid subscription	22,707	26,163	22,139	24,774
Advance payment for forex (Note 17.1)	2,984,728	3,114,219	2,720,342	3,075,800
Other prepayments (Note 17.2)	323,762	563,190	138,870	378,972
	3,616,836	**3,911,212**	**3,105,843**	**3,633,073**

17.1. Advance payments for forex represents committed cash no longer available for another purpose other than that for which it has been designated. They represent naira deposits for foreign currencies purchased for funding of letters of credit and they also, include (mainly) Central Bank of Nigeria matured forward foreign exchange contracts which Central Bank of Nigeria is yet to deliver to settle various foreign exchange obligations to commercial Banks; all related to settlement of invoices emanating from importation of raw materials, spare parts and machinery, which are in transit at the year end

17.2. Other prepayment relates to advance payment for health insurance, container deposits and advance for suppliers

18. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	29,260	17,280	18,184	8,205
Bank balances	7,701,070	3,910,301	6,555,723	3,252,166
Fixed deposit	18,906,087	17,906,087	18,906,087	17,906,087
Cash and bank	26,636,417	21,833,668	25,479,994	21,166,458
Bank overdraft	(14,688)	(29,987)	-	-
	26,621,729	**21,803,681**	**25,479,994**	**21,166,458**

19. Borrowings

Non-current				
Bank loan	45,830	51,336	-	-
Current				
Bank Overdraft	14,688	29,987	-	-
Letter of credit	21,390,460	23,257,118	21,390,460	23,257,118
Total current borrowings	21,405,148	23,287,105	21,390,460	23,257,118
Total borrowings	21,450,978	23,338,441	21,390,460	23,257,118
Bank Overdraft	(14,688)	(29,987)	-	-

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
	31 Dec. 2023 N '000	30 Sept. 2023 N '000	31 Dec. 2023 N '000	30 Sept. 2023 N '000
20. Trade and other payables				
Financial instruments:				
Trade payables	1,603,386	1,052,753	829,827	416,356
Dealers' security deposit	68,616	172,241	-	99,080
Other credit balances (Note 20.1)	361,471	608,071	207,441	406,978
Accrued expenses	480,182	158,305	363,588	27,625
Contract liability (Note 20.3)	516,997	1,148,351	516,997	1,148,351
Dividends unclaimed	1,436,124	1,438,098	1,405,742	1,405,742
Non-financial instruments:				
Withholding tax payable	98,128	113,816	56,116	91,600
Other accounts payable (Note 20.2)	115,406	93,740	34,593	15,002
Value added tax payable	362,618	128,716	242,685	-
	5,042,928	**4,914,091**	**3,656,989**	**3,610,734**

All trade payables are due within twelve (12) months.

20.1.Other credit balances comprise of freighters and other service providers.

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 90 days. No interest is charged by the Group's suppliers on all its outstanding balances. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.. The Directors consider the carrying amount of trade and other payables to approximate their fair value.

20.2.**Other accounts payable**: This comprises of various payroll related obligations due as at 31 December 2023

Sundry creditors comprise trade debtors with credit balances as well as the amounts due to freighters

Other statutory taxes comprises of payables relating to the following: Pension, Nigeria Social Insurance Trust Fund (NSITF), National Housing Fund (NHF), Industrial Training Fund (IFT), Pay-As-You-Earn (PAYE), Co-operative Union dues and staff gratuity for the subsidiaries (as there was no valuation done this gratuity).

20.3 Contract liability -Represent customer cash deposit for products

	Group		**Company**	
	31 Dec. 2023 N '000	**30 Sept. 2023 N '000**	**31 Dec. 2023 N '000**	**30 Sept. 2023 N '000**
21. Share capital				
Authorised				
2,400,000,000 Ordinary shares of 50 kobo each	1,200,000	1,200,000	1,200,000	1,200,000

21.1 The changes in reserves for the period is as follows;

Reserves				
Reported as at 1 October 2023	188,809	286,218	456,790	450,892
Changes in valauation of quoted investments	-	5,898	-	5,898
Changes in foreign currency translation reserves	69,680	(103,307)	-	-
	258,489	**188,809**	**456,790**	**456,790**

The reserves represent the following.

i. Foreign currency translation reserves arising from translation of foreign subsidiary.

ii. Valuation of investments in quoted shares.

iii. Other reserves represents reserve on acquisition of Vono Product Plc in 2016.

Notes to the Consolidated and Separate Financial Statements

21. Share capital (continued)

	Group		Company	
	31 Dec. 2023 N '000	30 Sept. 2023 N '000	31 Dec. 2023 N '000	30 Sept. 2023 N '000
Issued				
Ordinary share 1,250,844 (2021 :1,250,844) of 50k each (issued and fully paid)	625,422	625,422	625,422	625,422

22. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

22.1 From continuing operations

Net profit attributable to shareholders (N'000)	1,429,129	1,637,624	1,261,562	1,731,462
Weighted number of ordinary shares in issue as at year end (000)	1,250,844	1,250,844	1,250,844	1,250,844
Earnings per share (Kobo)	**114**	**131**	**101**	**138**

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive ordinary shares during the year, hence basic earnings per share and diluted earnings per share have the same values.

23. Cash generated from operations

Profit before taxation	2,236,645	2,544,897	1,802,232	2,473,518
Adjustments for:				
Depreciation and amortisation on continuing operations	302,549	206,200	151,271	110,312
Translation adjustment on PPE	(82,581)	58,986	-	-
Profit/(loss) on disposal of asset	-	(1,484)	-	(1,484)
Translation adjustment on Intangible assets	(411)	-	-	-
Translation difference on foreign subsidiary	69,680	68,437	-	-
Interest received	(486,911)	(278,911)	(486,876)	(278,480)
Finance costs	997,928	226,708	992,330	220,931
Service cost	36,861	30,936	36,861	30,936
Changes in working capital:				
Inventories	3,769,257	4,018,742	3,916,411	3,599,418
Trade and other receivables	91,882	(1,519,828)	(243,889)	(937,072)
Other assets	294,376	(880,563)	527,230	(802,814)
Trade and other payables	49,200	(471,667)	(33,381)	(592,664)
Deferred income	3,664	16,015	-	-
Benefits paid	-	(8,566)	-	(8,566)
Deferred tax liabilities	(53,463)	(3,977)	-	-
	7,228,676	**4,005,925**	**6,662,189**	**3,814,035**

24. Related parties

Related party balances

The following are the amount due from/to subsidiaries:

	Group		Company	
	31 Dec. 2023 N '000	30 Sept. 2023 N '000	31 Dec. 2023 N '000	30 Sept. 2023 N '000
Due from/to related entities				
Vitavisco Nigeria Limited	-	-	(116,754)	(69,072)
Vitafoam Sierra Leone	-	-	1,978,589	1,732,707
Vono Furniture Products Limited	-	-	140,660	117,942
Vitablom Nigeria Limited	-	-	(179,547)	(174,363)
Vitapur Nigeria Limited	-	-	(156,463)	35,863
Vitaparts Nigeria Limited	-	-	477,961	478,945
	-	**-**	**2,144,446**	**2,122,022**

25. Investment in subsidiaries (at cost)

All subsidiaries have the same year end as the parent. The investments represent cost of shares in subsidiaries. They exclude loans to subsidiaries as these are to be repaid and do not represent an increase in the parent's net investment in the subsidiaries.

Company

Name	Country of incorporation and place of business	Nature of business	Proportion of ordinary shares directly held by parent 31 Dec. 2023	Proportion of ordinary shares directly held by parent 30 Sept. 2023	Carrying amount at 31 Dec. 2023 N'000	Carrying amount at 30 Sept. 2023 N'000
Vitafoam Sierra Leone Limited	Sierra Leone	Manufacture of foam and allied products	91.28 %	91.28 %	1,316,908	1,316,908
Vitapur Nigeria Limited	Nigeria	Manufacturing of Insulation Products	40.08 %	40.08 %	132,225	132,225
Vitablom Nigeria Limited	Nigeria	Fibre processing and soft furnishing company	40.64 %	40.64 %	103,066	103,066
Vitavisco Nigeria Limited	Nigeria	Production and sales of Visco elastic foam and latex products	40.00 %	40.00 %	32,421	32,421
Vono Furnitures Products Limited	Nigeria	Manufacture of furniture products	100.00 %	100.00 %	134,864	134,864
Vitaparts Nigeria Limited	Nigeria	Manufacture of motor vehicle oil filters	52.95 %	52.95 %	123,900	123,900
					1,843,384	1,843,384
Provision for diminution in value of investment in subsidiary					(134,863)	(134,863)
					1,708,521	1,708,521

All subsidiary undertakings are consolidated in these financial statements. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held and there are no restriction on the company ability to control the subsidiaries.

25**.1 Investment in Vitafoam Sierra Leone Limted**: In line with the requirements of IAS 36 the Group annually perform impairment assessment to determine the recoverable amount of the investment in the subsidiary by using value in use (VIU) model to determine the recoverable amount of the investment as at 31 December 2023 and this approach involved the use of discounted cash flow model with several key assumptions including revenue growth rate, discount rate, gross margin rate and terminal value growth rate . If the assessment resulted in sufficient head room no impairment loss would be recognised.