Vitafoam Nigeria Plc.
Consolidated and Separate Financial Statements
for 3 months ended 31 December 2021

VITAFOAM NIGERIA PLC
QUARTER 1 ENDED 31 DECEMBER 2021

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.

Contents

Corporate Information

Directors	Dr. Bamidele O. Makanjuola	Chairman
	Mr. Taiwo A. Adeniyi	Group Managing Director/CEO
	Mr. Joseph Alegbesogie, FCA	Finance Director
	Mr. Bamidele S. Owoade	Commercial Director
	Mrs. Adeola Adewakun	Non- Executive Director
	Mr. Gerson Sliva	Non- Executive Director
	Prof. (Mrs.) Rosemary Egonmwan	Independent Non-Executive Director
	Mr. Achike C. Umunna	Independent Non-Executive Director (Appointed 19 December 2019
	Mr. Abdul A. Bello	Independent Non- Executive Director (Appointed 04/03/21)
Registrar	Meristem Registrars Limited 213, Herbert Macaulay Way, Adekunle, Yaba, Lagos	
Auditors	Deloitte & Touche Civic Towers Plot GA 1,Ozumba Mbadiwe Avenue, Victoria Island, Lagos	
Registered office	140, Oba Akran Avenue Ikeja Industrial Estate Lagos, Nigeria	
Website	www.vitafoam.com.ng	
Bankers	Bank of industry Limited Zenith Bank Plc. First Bank of Ngeria Limited United Bank for Africa Plc Wema Bank Plc Jaiz Bank Plc Access Bank Plc Union Bank of Nigeria Plc	
Company Secretary	Mr. Olalekan Sanni	
Company registration number	RC 3094	

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

		Group		Company	
		3 months ended December 31		3 months ended December 31	
		2021	2020	2021	2020
	Note	N '000	N '000	N '000	N '000
Revenue	2	12,716,184	8,666,259	11,531,199	7,845,404
Cost of sales	3	(8,729,347)	(5,804,288)	(8,221,617)	(5,545,300)
Gross profit		**3,986,837**	**2,861,971**	**3,309,582**	**2,300,104**
Other gains and losses	4	(23,590)	39,943	77,476	79,160
Distribution costs	6	(388,011)	(277,358)	(375,471)	(265,763)
Administrative expenses	5	(1,206,536)	(930,481)	(912,970)	(704,876)
Operating profit		**2,368,700**	**1,694,075**	**2,098,617**	**1,408,625**
Finance income	8	189,811	26,119	186,482	22,279
Finance costs	7	(154,684)	(190,485)	(137,022)	(154,611)
Profit before taxation		**2,403,827**	**1,529,709**	**2,148,077**	**1,276,293**
Taxation	9	(714,504)	(417,226)	(643,793)	(381,121)
Profit for the period		**1,689,323**	**1,112,483**	**1,504,284**	**895,172**
Other comprehensive income:					
Items that may be reclassified subsequently to profit or loss:					
Foreign exchange differences on translation of foreign operations		(54,560)	(41,573)	-	-
Other comprehensive (loss)/income for the period net of taxation		**(54,560)**	**(41,573)**	**-**	**-**
Total comprehensive income for the period		**1,634,763**	**1,070,910**	**1,504,284**	**895,172**
Profit attributable to:					
Owners of the parent		1,551,714	752,744	1,504,284	895,172
Non-controlling interest		137,609	359,739	-	-
		1,689,323	**1,112,483**	**1,504,284**	**895,172**
Total comprehensive income attributable to:					
Owners of the parent		1,497,154	711,171	1,504,284	895,172
Non-controlling interest		137,609	359,739	-	-
		1,634,763	**1,070,910**	**1,504,284**	**895,172**
Earnings per share					
From Continuing operaions					
Basic earnings per share (kobo)	22	124.00	89.00	120.00	72.00
Diluted earnings per share (Kobo)	22	124.00	89.00	120.00	72.00

The accounting policies and the notes on pages 8 to 38 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 2021

Consolidated and Separate Statements of Financial Position as at 31 December 2021

	Note	Group		Company	
		31 Dec. 2021 N '000	30 Sept. 2021 N '000	31 Dec. 2021 N '000	30 Sept. 2021 N '000
Assets					
Non-Current Assets					
Property, plant and equipment	11	6,430,167	6,510,419	2,870,238	2,859,214
Intangible assets		22,163	24,486	18,391	20,460
Investment property	12	-	-	1,844,321	1,849,660
Investments in subsidiaries	25	-	-	888,571	888,571
Right-of-use assets		202,256	205,329	202,256	205,329
Investment in financial assets	13	7,298	7,298	7,298	7,298
Finance lease receivables		73,983	56,350	73,983	56,350
		6,735,867	**6,803,882**	**5,905,058**	**5,886,882**
Current Assets					
Inventories	14	6,554,243	8,624,761	4,667,009	6,509,003
Trade and other receivables	15	1,485,221	786,845	2,810,758	2,384,844
Other assets	16	4,728,853	4,877,180	4,498,762	4,768,004
Cash and cash equivalents	17	14,869,823	10,697,004	14,391,557	10,145,107
		27,638,140	**24,985,790**	**26,368,086**	**23,806,958**
Total Assets		**34,374,007**	**31,789,672**	**32,273,144**	**29,693,840**
Equity and Liabilities					
Equity					
Share capital	21	625,422	625,422	625,422	625,422
Reserves		141,267	195,827	443,977	443,977
Retained earnings		12,885,079	11,333,365	12,836,007	11,331,723
		13,651,768	12,154,614	13,905,406	12,401,122
Non-controlling interest		918,676	781,067	-	-
		14,570,444	**12,935,681**	**13,905,406**	**12,401,122**
Liabilities					
Non-Current Liabilities					
Borrowings	18	565,643	652,408	241,144	273,344
Lease liabilities		142,723	137,883	142,723	137,883
Retirement benefit obligation		838,913	808,704	838,913	808,704
Deferred income	19	118,077	133,682	118,077	133,682
Deferred tax		672,494	672,494	704,084	704,084
		2,337,850	**2,405,171**	**2,044,941**	**2,057,697**
Current Liabilities					
Trade and other payables	20	3,744,553	2,716,974	3,082,052	1,943,128
Borrowings	18	10,474,858	11,143,064	10,456,524	11,112,866
Deferred income	19	83,455	92,070	79,608	86,791
Current tax payable	10	3,162,847	2,496,712	2,704,613	2,092,236
		17,465,713	**16,448,820**	**16,322,797**	**15,235,021**
Total Liabilities		**19,803,563**	**18,853,991**	**18,367,738**	**17,292,718**
Total Equity and Liabilities		**34,374,007**	**31,789,672**	**32,273,144**	**29,693,840**

The consolidated and separate financial statements were approved by the board on the 27 January 2022 and were signed on its behalf by:

Joseph

Mr. Taiwo A. Adeniyi
Group Managing Director
FRC/2015/IODN/00000010639

Mr. Joseph Alegbesogie, FCA
Finance Director
FRC/2013/ICAN/00000003728

The accounting policies and the notes on pages 8 to 38 form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Changes in Equity

Consolidated Statement of Changes in Equity

	Share capital	Total 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	N '000
Group									
Balance a 1 October 2020		**625,422**	**(90,463)**	**(45,647)**	**393,018**	**7,769,014**	**8,651,344**	**389,029**	**9,040,373**
Profit for the period						1,003,230	1,003,230	109,253	1,112,483
Other comprehensive income		-	(41,573)	-	-	-	(41,573)	-	(41,573)
Total comprehensive income for the period		**-**	**(41,573)**	**-**	**-**	**1,003,230**	**961,657**	**109,253**	**1,070,910**
Balance at 31 December 2020		**625,422**	**(132,036)**	**-**	**-**	**8,772,244**	**9,613,001**	**498,282**	**10,111,283**
Balance at 1 October 2020		**625,422**	**(90,463)**	**(45,647)**	**393,018**	**7,769,014**	**8,651,344**	**389,029**	**9,040,373**
Profit for the year		-	-	-	-	4,237,307	4,237,307	359,739	4,597,046
Other comprehensive income		-	(63,287)	2,206	-	179,027	117,946	-	117,946
Total comprehensive income for the year		**-**	**(63,287)**	**2,206**	**-**	**4,416,334**	**4,355,253**	**359,739**	**4,714,992**
Changes in NCI as a result of share allotment not resulting in loss of control		-	-	-	-	-	-	80,552	80,552
Statue barred unclaimed dividend received		-	-	-	-	23,592	23,592	-	23,592
Statute barred unclaimed dividend received		-	-	-	-	-	-	15,378	15,378
Dividends		-	-	-	-	(875,575)	(875,575)	(63,631)	(939,206)
Total contributions by and distributions to owners of company recognised directly in equity		**-**	**-**	**-**	**-**	**(851,983)**	**(851,983)**	**32,299**	**(819,684)**
Balance at 1 October 2021		**625,422**	**(153,750)**	**(43,441)**	**393,018**	**11,333,365**	**12,154,614**	**781,067**	**12,935,681**
Profit for the year		-	-	-	-	1,551,714	1,551,714	137,609	1,689,323
Other comprehensive income		-	(54,560)	-	-	-	(54,560)	-	(54,560)
Total comprehensive income for the year		**-**	**(54,560)**	**-**	**-**	**1,551,714**	**1,497,154**	**137,609**	**1,634,763**
Balance at 31 December 2021		**625,422**	**(208,310)**	**(43,441)**	**393,018**	**12,885,079**	**13,651,768**	**918,676**	**14,570,444**

The accounting policies and the notes on pages 8 to 38 form an integral part of the consolidated and separate financial statements

Separate Statement of Changes in Equity

	Share capital	Reserve for valuation of investments	Other reserves	Retained earnings	Total equity
	N '000	N '000	N '000	N '000	N '000
Company					
Balance at October 2020	**625,422**	**(45,647)**	**487,418**	**7,619,820**	**8,687,013**
Profit for the period				895,172	895,172
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**-**	**895,172**	**895,172**
Balance at 31 December 2020	**625,422**	**(45,647)**	**487,418**	**8,514,992**	**9,582,185**
Balance at 1 October 2020	**625,422**	**(45,647)**	**487,418**	**7,619,820**	**8,687,013**
Profit for the year	-	-	-	4,384,859	4,384,859
Other comprehensive income	-	2,206	-	179,027	181,233
Total comprehensive income for the year	**-**	**2,206**	**-**	**4,563,886**	**4,566,092**
Statute barred unclaimed dividend received (Note 27.4.1)	-	-	-	23,592	23,592
Dividends	-	-	-	(875,575)	(875,575)
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**-**	**-**	**(851,983)**	**(851,983)**
Balance at 1 October 2021	**625,422**	**(43,441)**	**487,418**	**11,331,723**	**12,401,122**
Profit for the year	-	-	-	1,504,284	1,504,284
Total comprehensive income for the year	**-**	**-**	**-**	**1,504,284**	**1,504,284**
Balance at 31 December 2021	**625,422**	**(43,441)**	**487,418**	**12,836,007**	**13,905,406**

The accounting policies and the notes on pages 8 to 38 form an integral part of the consolidated and separate financial statements.

Consolidated and Separate Statements of Cash Flows

		Group		Company	
	Note(s)	31 Dec 2021 N '000	31 Dec 2020 N '000	31 Dec 2021 N '000	31 Dec 2020 N '000
Cash flows from operating activities					
Cash generated from operations	23	5,065,823	1,733,196	5,011,821	1,643,785
Tax paid	10	(48,369)	(9,704)	(31,416)	-
Net cash from operating activities		**5,017,454**	**1,723,492**	**4,980,405**	**1,643,785**
Cash flows from investing activities					
Purchase of property, plant and equipment	11	(139,415)	(126,571)	(101,807)	(99,191)
Proceed from disposal of property, plant and equipment		7,822	2,190	132	1,990
Purchase of other intangible assets		-	(2,552)	-	-
Additions to finance lease receivables		(21,053)	(9,704)	(21,053)	(9,704)
Finance lease receipts		3,420	7,954	3,420	7,954
Interest Income	8	166,881	-	163,552	-
Net cash from investing activities		**17,655**	**(128,150)**	**44,244**	**(98,216)**
Cash flows from financing activities					
Proceeds from borrowings	18.1	444,939	-	444,250	-
Repayment of borrowings	18.1	(1,199,911)	(1,215,866)	(1,132,793)	(1,182,606)
Interest paid	7	(107,318)	(186,869)	(89,656)	(151,127)
Net cash from financing activities		**(862,290)**	**(1,402,735)**	**(778,199)**	**(1,333,733)**
Total movement for cash & cash equivalent for the period		**4,172,819**	**192,607**	**4,246,450**	**211,836**
Cash at the beginning of the period		10,697,004	6,920,410	10,145,107	6,409,214
Cash and cash equivalent at the end of the period	17	**14,869,823**	**7,113,017**	**14,391,557**	**6,621,050**

The accounting policies and the notes on pages 8 to 38 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

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 seven subsidiaries . These subsidiaries include Vitavisco Ltd, Vitapur Ltd, Vono Furnitures Ltd, Vitablom Ltd, Vitafoam Sierra Leone Ltd, Vitagreen Ltd and Vitapart. Vitapart is a new company (subsidiary) established to manufacture oil filters. The company is yet to commence full operations in the current year

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 27 January, 2022.

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; 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 year ended 31 December 2021, including International Accounting Standards (IAS) and interpretations issued by the International Financial Reporting Interpretations Committee

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.

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.

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 and Delivery

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. The Company uses its accumulated historical experience to estimate the volume of discount using the expected value method.

Under current revenue recognition standard, upon transportation of goods to customers the company recognize revenue upon delivery of freight to the customer. Related transportation and delivery expenses directly associated with the shipments are recorded once the revenue is recognized.

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).

Cost is calculated based on standard costs with material price and usage variances apportioned using the Periodic Unit Pricing method. The basis of costing is as follows:

Raw materials, non-returnable packaging materials and - purpose 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.

1.7 Property, plant and equipment

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

Significant accounting policies

1.7 Property, plant and equipment (continued)

Furniture and fixtures	5
Motor vehicles	4

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

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.

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.

1.8 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.

Significant accounting policies

1.8 Taxation (continued)

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.

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.

1.9 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.

1.9 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 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].

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.

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.

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.

1.10 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.

1.11 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.

1.12 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.

Group as 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 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).

Significant accounting policies

1.12 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.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. 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.

1.13 Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

1.13 Government grants (continued)

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non?current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

The fair value of the government loan at below market rate of interest is estimated as the present value of all future cash flows discounted using the prevailing market rate(s) of interest for a similar instrument with a similar credit rating. The benefit of the government grant is measured as the difference between the fair value of the loan and the proceeds received.

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.

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. 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:

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.

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 (2018: 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.

Significant accounting policies

1.17 Intangible assets (continued)

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

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)

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The company determines the business model at a level that reflects how its financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensate. The company monitors financial assets measured at amortised cost that are derecognised prior to their maturity to understand the reason for disposal and whether the reasons are consistent with the objective of the business for which the asset was held. The company continues to assess whether the business model for which the remaining financial assets are held continues to be appropriate, and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

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 2021 and this approach involved the use of discounted cash flow model with several key assumptions including future sales volumes and prices, operating costs, terminal value growth rates and the weighted average cost of capital. 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 (i.e. property, plant & equipment) 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 30.38% 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.

Significant accounting policies

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

Impairment of financial assets

The Group reviews its impairment of financial assets for possible impairment, if there are events or changes in circumstances that indicate that the carrying values of the assets may not be recoverable or if there is an indication that the asset might be impaired.

1.19 Financial instruments

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 Hedge accounting

At the inception of the hedge relationship, the group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the group actually hedges and the quantity of the hedging instrument that the group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The group excludes the time value of options and designates only the intrinsic value of options as the hedging instruments in hedges involving options as the hedging instruments. The change in fair value attributable to the time value of options is recognised in other comprehensive income and accumulated in equity as deferred hedging gains (losses). The group only hedges time period related hedged items using options. The change in the aligned time value is recognised in other comprehensive income and is amortised on a systematic and rational basis over the period during which the hedge adjustment for the option’s intrinsic value could affect profit or loss (or other comprehensive income, if the hedged item is an equity instrument at fair value through other comprehensive income). However, if hedge accounting is discontinued the net amount (i.e. including cumulative amortisation) that has been accumulated in the deferred hedging reserve is immediately reclassified into profit or loss.

1.21 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 in the following major product lines. 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:

	Group		Company	
	3 months ended December 31		3 months ended December 31	
	2021	2020	2021	2020
	N '000	N '000	N '000	N '000
Revenue from contracts with customers				
Sale of goods (Foams and other products)	12,272,676	8,400,001	11,087,691	7,579,146
Rendering of services by delivering of goods at a point in time (Freight Income)	443,508	266,258	443,508	266,258
	12,716,184	**8,666,259**	**11,531,199**	**7,845,404**
Revenue other than from contracts with customers				
Within Nigeria	12,477,767	8,666,259	11,531,199	7,845,404
Outside Nigeria	238,417	232,000	-	-
	12,716,184	**8,898,259**	**11,531,199**	**7,845,404**

3. Cost of sales

Sale of goods	8,533,447	5,699,911	8,093,159	5,478,188
Manufactured goods:				
Employee costs	50,697	41,214	50,697	34,406
Depreciation and impairment	102,858	49,497	41,802	21,996
Manufacturing expenses	42,345	13,666	35,959	10,710
	8,729,347	**5,804,288**	**8,221,617**	**5,545,300**

4. Other gains and losses

Sale of scrap items	32,946	30,623	26,926	26,418
Rental income	1,909	1,281	26,121	5,650
Profit on disposal of assets	5,430	1,775	132	1,990
Exchange (loss)/ gains	(86,664)	(25,071)	1,508	13,767
Government grants	22,789	31,335	22,789	31,335
	(23,590)	**39,943**	**77,476**	**79,160**

	Group		Company	
	3 Months ended December 31		3 Months ended December 31	
	2021	2020	2021	2020
	N '000	N '000	N '000	N '000

5. Administrative expenses

AGM expenses	3,557	161	3,557	95
Advertising	139,014	67,493	127,508	56,244
Audit fees	8,041	8,009	6,188	5,625
Bad debt expense	(976)	-	(976)	-
Bank charges	14,306	10,776	11,068	8,912
Cleaning	12,628	5,338	5,661	3,583
Professional and Consulting fees	11,510	33,826	7,731	26,824
Depreciation and amortisation (note 26)	83,161	67,948	59,462	53,130
Donations	850	305	850	-
Employee costs	656,367	504,355	492,787	385,101
Entertainment	7,175	3,779	5,248	2,815
Other admin and general expenses (Note 5.1)	7,505	9,549	1,164	6,578
Conference & award expenses	45	-	45	-
Insurance	17,933	13,740	12,992	10,366
Rent and rates	16,837	23,748	7,630	7,600
Stationery, newspapers and periodicals	7,657	5,201	5,339	3,378
Electricity and other utilities	84,319	67,972	67,653	55,486
Postages, telephone and internet	12,536	9,136	9,757	6,800
Protective clothing	1,187	822	295	449
Repairs and maintenance	65,765	53,818	51,123	43,198
Research and development costs	1,122	503	-	-
Security	14,757	11,809	10,255	8,906
Subscriptions	5,601	5,187	3,552	4,118
Transport and travelling	35,639	27,006	24,081	15,668
	1,206,536	**930,481**	**912,970**	**704,876**

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

6. Distribution expenses

Distribution expenses	388,011	277,358	375,471	265,763

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

7. Finance costs

Interest on loans and overdraft	106,629	147,899	88,967	112,025
Other finance cost	689	7,599	689	7,599
	107,318	**155,498**	**89,656**	**119,624**
Add: Non cash effect	-	-	-	-
Interest on Lease	4,841	4,217	4,841	4,217
Interest on defined benefit obligation	42,525	30,770	42,525	30,770
Total finance costs	**154,684**	**190,485**	**137,022**	**154,611**

8. Finance income

Interest on time deposit	166,881	9,401	163,552	5,561
Interest on planned assets	22,930	16,718	22,930	16,718
	189,811	**26,119**	**186,482**	**22,279**

	Group		Company	
	3 Months ended December 31		3 Months ended December 31	
	2021	2020	2021	2020
	N '000	N '000	N '000	N '000

9. Taxation

Income tax expense

Income tax	714,504	417,226	643,793	381,121
	714,504	417,226	643,793	381,121
Tax expense	**714,504**	**417,226**	**643,793**	**381,121**

The current tax charge has been computed at the applicable rate of 30% (31 December 2021: 30%) plus education levy of 2% (31 December 2021: 2%) on the profit for the period after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes.

Non-deductible expenses include items such as donations and subscriptions, legal expenses, depreciation, amortisation and certain provisions which are not allowed as a deduction by the tax authorities. Tax exempt income include income such as unrealised exchange difference and profit on disposal of fixed asset which are not taxable.

10. Tax Payable

	Group		Company	
	31 Dec 2021 N '000	30 Sept 2021 N '000	31 Dec 2021 N '000	30 Sept 2021 N '000
The movement in tax payable/receivable is as follows:				
At 1 October	2,496,712	1,721,181	2,092,236	1,443,131
Company income tax for the period	714,504	2,356,386	643,793	2,053,516
Payment during the period	(48,369)	(1,626,634)	(31,416)	(1,435,828)
Under provison in prior period	-	(3,172)	-	-
Back duty assessment	-	48,951	-	31,417
At 31 December	**3,162,847**	**2,496,712**	**2,704,613**	**2,092,236**

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 2020	301,708	5,510,253	3,225,962	424,380	645,801	10,108,104
Additions	-	299,160	1,086,281	57,577	69,127	1,512,145
Disposals	-	-	(20,786)	(61)	(53,337)	(74,184)
Effect of exchange differences	-	(1,934)	(347)	(37)	(78)	(2,396)
Adjustment	-	-	(40,583)	-	-	(40,583)
At 30 September 2021	**301,708**	**5,807,479**	**4,250,527**	**481,859**	**661,513**	**11,503,086**
Additions	-	37,918	75,511	17,082	8,904	139,415
Disposals	-	-	(4,980)	-	(2,650)	(7,630)
Reclassifications	-	-	(8,665)	-	(7,689)	(16,354)
Effect of exchange differences	-	(44,690)	(8,210)	(879)	(2,250)	(56,029)
At 31 December 2021	**301,708**	**5,800,707**	**4,304,183**	**498,062**	**657,828**	**11,562,488**
Depreciation and impairment						
At 1 October 2020	-	1,197,828	2,542,975	355,399	471,198	4,567,400
Charge for the year	-	179,570	227,812	20,483	72,617	500,482
Disposals	-	-	(19,669)	(61)	(52,922)	(72,652)
Adjustment (Note 15.2)	-	-	(1,353)	-	-	(1,353)
Effect of exchange differences	-	(688)	(371)	(43)	(108)	(1,210)
At 30 September 2021	**-**	**1,376,710**	**2,749,394**	**375,778**	**490,785**	**4,992,667**
Charge for the period	-	50,021	102,858	8,335	19,409	180,623
Disposals	-	-	(2,588)	-	(2,650)	(5,238)
Reclassifications	-	-	(8,665)	-	(7,689)	(16,354)
Effect of exchange differences	-	(9,472)	(7,610)	(746)	(1,549)	(19,377)
At 31 December 2021	**-**	**1,417,259**	**2,833,389**	**383,367**	**498,306**	**5,132,321**
Carrying amount						
At 30 September 2021	**301,708**	**4,430,769**	**1,501,133**	**106,081**	**170,728**	**6,510,419**
At 31 December 2021	**301,708**	**4,383,448**	**1,470,794**	**114,695**	**159,522**	**6,430,167**

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 2020	294,098	3,909,037	2,143,230	310,628	526,679	7,183,672
Additions	-	174,023	396,287	17,915	35,756	623,981
Disposal	-	-	(20,786)	-	-	(20,786)
Adjustment	-	-	(40,583)	-	(50,013)	(90,596)
Reclassification (Note 11.1)	-	(1,616,581)	-	-	-	(1,616,581)
At 30 September 2021	**294,098**	**2,466,479**	**2,478,148**	**328,543**	**512,422**	**6,079,690**
Additions	-	35,794	54,427	3,375	8,211	101,807
Disposals	-	-	-	-	(2,650)	(2,650)
At 31 December 2021	**294,098**	**2,502,273**	**2,532,575**	**331,918**	**517,983**	**6,178,847**
Accumulated depreciation						
At 1 October 2020	-	889,949	1,779,652	291,460	378,276	3,339,337

11. Property, plant and equipment (continued)

Depreciation	-	70,544	109,274	7,098	54,360	241,276
Disposals	-	-	(19,669)	-	(50,013)	(69,682)
Reclassification (Note 11.1)	-	(289,102)	-	-	-	(289,102)
Adjustment	-	-	(1,353)	-	-	(1,353)
At 30 September 2021	**-**	**671,391**	**1,867,904**	**298,558**	**382,623**	**3,220,476**
Disposals	-	-	-	-	(2,650)	(2,650)
Depreciation	-	30,570	41,802	3,315	15,096	90,783
At 31 December 2021	**-**	**701,961**	**1,909,706**	**301,873**	**395,069**	**3,308,609**

Carrying amount

At 30 September 2021	**294,098**	**1,795,088**	**610,244**	**29,985**	**129,799**	**2,859,214**
At 31 December 2021	**294,098**	**1,800,313**	**622,868**	**30,045**	**122,914**	**2,870,238**

11.1 Reclassification :: This relates to cost of property located at Mushin let out to Vitapur Nig. Ltd and Vitavisco Nig. Ltd reclassified to investment property in 2020 financial year. Since , the property rented by a parent to a subsidiary is not investment property in consolidated financial Statements in line with IAS 40 , because the property is owner - occupied from the perspective of the group .

11.2 Adjustment: This relates to adjustment on third party equipment finance lease that was classified under property , plant and equipmentn in 2020 financial year now reclassified to finance lease receivable in current financial year.

11.3 Capitalized borrowings

There was no capitalised borrowing cost during the period ended 31 December 2021 and year ended 30 September 2021.

11.4 Assets pledged - Security

As at 31 December 2021, 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 18 for details)

12. Investment property

Investment property - Company

	Investment property N'000
Cost	
At 1 October 2020	704,708
Additions	42,034
Reclassification	1,616,581
At 30 September 2021	**2,363,323**
At 31 December 2021	**2,363,323**
Depreciation and impairment	
At 1 October 2020	(151,931)
Depreciation	(72,630)
Reclassification	(289,102)
At 30 September 2021	**(513,663)**
Depreciation	(5,339)
At 31 December 2021	**(519,002)**
Carrying amount	
Carrying amount	
At 30 September 2021	**1,849,660**
At 31 December 2021	**1,844,321**

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

The company's investment property occupied by related party was transferred to the group's property,plant and equipment in 2020 financial year.Therefore,there is no investent property recorded for the group.

13. Investment in financial asset

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

	Group		Company	
	31 Dec 2021 N '000	30 Sept 2021 N '000	31 Dec 2021 N '000	30 Sept 2021 N '000
Investment in quoted shares	7,298	7,298	7,298	7,298

14. Inventories

Finished goods- cost	841,640	1,121,232	597,233	874,977
Raw materials- cost	4,264,975	6,258,529	2,853,906	4,540,527
Work in progress-cost	1,063,783	928,035	942,084	799,542
Spare parts and consumables - cost	493,940	428,440	341,147	361,318
	6,664,338	8,736,236	4,734,370	6,576,364
Inventories (write-downs)	(110,095)	(111,475)	(67,361)	(67,361)
	6,554,243	**8,624,761**	**4,667,009**	**6,509,003**

15. Trade and other receivables

Trade receivables	1,447,742	600,101	1,056,618	333,330
Allowance for doubtful debt receivables	(288,861)	(317,207)	(238,962)	(238,962)
Trade receivables at amortised cost	1,158,881	282,894	817,656	94,368
Staff Debtors	7,012	5,441	5,305	4,365
Other receivables	319,328	498,510	265,422	522,307
Receivables from related parties (Note 24)	-	-	1,722,375	1,763,804
Total trade and other receivables	**1,485,221**	**786,845**	**2,810,758**	**2,384,844**

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.

16. Other assets

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

	Group		Company	
	31 Dec 2021 N '000	30 Sept 2021 N '000	31 Dec 2021 N '000	30 Sept 2021 N '000
Prepaid rent	44,563	63,738	25,362	42,016
Prepaid insurance	90,580	16,924	74,733	12,992
Prepaid advertisement	88,236	22,962	88,236	22,962
Prepaid subscription	32,205	17,668	22,903	12,946
Advance payment for forex (Note 16.1)	4,264,665	4,683,720	4,184,672	4,639,451
Other prepayments (Note 16.2)	208,604	72,168	102,856	37,637
	4,728,853	**4,877,180**	**4,498,762**	**4,768,004**

16.1. 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 forwards; all related to settlement of invoices emanating from importation of raw materials, spare parts and machinery, which are in transit at the year end

16.2. Other prepayment relates to advance payment for health insurance and container deposits

17. Cash and cash equivalents

	Group		Company	
	31 Dec 2021 N '000	30 Sept 2021 N '000	31 Dec 2021 N '000	30 Sept 2021 N '000
Cash and cash equivalents consist of:				
Cash on hand	13,804	16,145	6,926	9,635
Bank balances	5,690,826	2,515,666	5,219,438	1,970,279
Fixed deposit	9,165,193	8,165,193	9,165,193	8,165,193
Cash and bank	14,869,823	10,697,004	14,391,557	10,145,107
Bank overdraft	(19,123)	-	-	-
	14,850,700	**10,697,004**	**14,391,557**	**10,145,107**

The Group has restricted cash balance N220.5 million (2020: N193 million), company N220.5 million (2020: N193 million) which is held as a collateral for credit line utilized for letter of credit and loan repayment reserves which is reported under bank balances

	Group		Company	
	31 Dec 2021 N '000	**30 Sept 2021 N '000**	**31 Dec 2021 N '000**	**30 Sept 2021 N '000**
Retricted cash balance				
Zenith Bank	220,500	220,500	220,500	220,500

18. Borrowings

	Group 31 Dec 2021 N '000	Group 30 Sept 2021 N '000	Company 31 Dec 2021 N '000	Company 30 Sept 2021 N '000
Non-current				
Bank loan	565,643	652,408	241,144	273,344
Current				
Bank Overdraft	19,123	-	-	-
Letter of credit	9,529,750	10,210,942	9,560,659	10,230,550
Bank loan	925,985	932,122	895,865	882,316
Total current borrowings	10,474,858	11,143,064	10,456,524	11,112,866
Total borrowings	11,040,501	11,795,472	10,697,668	11,386,210
Bank Overdraft	(19,123)	-	-	-
	11,021,378	**11,795,472**	**10,697,668**	**11,386,210**

Split between non-current and current portions

	Group 31 Dec 2021 N '000	Group 30 Sept 2021 N '000	Company 31 Dec 2021 N '000	Company 30 Sept 2021 N '000
Non-current liabilities	565,643	652,408	241,144	273,344
Current liabilities	10,474,858	11,143,064	10,456,524	11,112,866
	11,040,501	**11,795,472**	**10,697,668**	**11,386,210**

	Group		Company	
	31 Dec 2021 N '000	**30 Sept 2021 N '000**	**31 Dec 2021 N '000**	**30 Sept 2021 N '000**
Reconciliation of borrowings				
Balance as at 1 October	11,795,472	6,633,446	11,386,210	5,932,533
Proceeds from borrowings	444,939	9,047,552	444,250	9,004,216
Repayment of borrowings	(1,199,911)	(3,885,526)	(1,132,793)	(3,550,539)
At 30 September	**11,040,500**	**11,795,472**	**10,697,667**	**11,386,210**

19. Deferred income

Government grants have been recognised on the loans (Wema Bank and Zenith Bank) received under the CBN/BOI intervention fund for a former subsidiary of the Group, Vono Products Plc. and N4 billion granted to the parent company. When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The company government grant was presented in the statement of financial position by setting up a deferred income.

	Group		Company	
	31 Dec 2021 N '000	**30 Sept 2021 N '000**	**31 Dec 2021 N '000**	**30 Sept 2021 N '000**
Non-current liabilities	118,077	133,682	118,077	133,682
Current liabilities	83,455	92,070	79,608	86,791
	201,532	**225,752**	**197,685**	**220,473**

20. Trade and other payables

	Group		Company	
	31 Dec 2021 N '000	30 Sept 2021 N '000	31 Dec 2021 N '000	30 Sept 2021 N '000
Financial instruments:				
Trade payables	1,043,555	602,113	856,159	214,731
Dealers' security deposit	198,663	83,452	185,152	61,472
Other credit balances (Note 19.1)	645,521	207,121	561,213	175,476
Value added tax payable	357,677	112,759	255,572	4,116
Accrued expenses	318,706	123,172	248,325	37,468
Withholding tax payable	101,191	114,396	16,876	89,973
Other accounts payable	128,762	161,909	9,308	48,871
Contract liability (Note 20.3)	291,752	653,326	291,752	653,326
Dividends unclaimed	658,726	658,726	657,695	657,695
	3,744,553	**2,716,974**	**3,082,052**	**1,943,128**

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

20.1. Other credit balances comprise mainly of provision for trade discount of N499.6 million ,accrued freighters bills 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 Company's exposure to liquidity risk related to trade and other payables is disclosed in Note . The Directors consider the carrying amount of trade and other payables to approximate their fair value.

20.2. Other accounts payable comprises of various statutory obligations due for 31 December 2021

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 2021 N '000	30 Sept 2021 N '000	31 Dec 2021 N '000	30 Sept 2021 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

.

Issued				
Ordinary share 1,250,844 (2020 :1,250,844) of 50k each	625,422	625,422	625,422	625,422

	Group		Company	
	3 months ended 31 December		3 months ended 31 December	
	2021 N '000	2020 N '000	2021 N '000	2020 N '000

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.

29.1 From continuing operations

Net profit attributable to shareholders (N'000)	1,551,714	1,112,483	1,504,284	895,172
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)	**124**	**89**	**120**	**72**

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.

Notes to the Consolidated and Separate Financial Statements

23. Cash generated from operations

	Group		Company	
	31 Dec 2021 N '000	31 Dec 2020 N '000	31 Dec 2021 N '000	31 Dec 2020 N '000
Profit before taxation	2,403,827	1,529,709	2,148,077	1,276,293
Adjustments for:				
Depreciation and amortisation on continuing operations (Note 41)	186,019	117,445	101,264	75,126
Translation adjustment on PPE	36,652	16,346	-	-
Profit on disposal of asset	(5,430)	(1,775)	(132)	(1,990)
Gain/loss on exchange difference	(54,560)	(41,573)	-	-
Interest received	(189,811)	-	(186,482)	-
Finance costs	154,684	190,485	137,022	154,611
Movements in retirement benefit assets and liabilities	-	16,023	-	16,023
Deferred tax	-	50	-	-
Service cost	31,407	-	31,407	-
Changes in working capital:				
Inventories	2,070,518	569,010	1,841,994	711,627
Trade and other receivables	(675,446)	(409,668)	(402,984)	(239,591)
Other assets	148,327	(333,537)	269,242	(371,290)
Trade and other payables	985,054	114,269	1,096,399	54,311
Deferred income	(24,220)	(33,588)	(22,788)	(31,335)
Benefits paid	(1,198)	-	(1,198)	-
	5,065,823	**1,733,196**	**5,011,821**	**1,643,785**

24. Related parties

Related party balances

The following are the amount due from/to subsidiaries:

	Group		Company	
	31 Dec 2021 N '000	**30 Sept 2021 N '000**	**31 Dec 2021 N '000**	**30 Sept 2021 N '000**
Due from/to related entities				
Vitavisco Nigeria Limited	-	-	(5,295)	(52,531)
Vitafoam Sierra Leone	-	-	1,295,430	1,261,333
Vono Furniture Products Limited	-	-	127,849	107,959
Vitablom Nigeria Limited	-	-	(315,207)	(234,935)
Vitapur Nigeria Limited	-	-	229,008	308,019
Vitaparts Nigeria Limited	-	-	390,590	373,959
	-	**-**	**1,722,375**	**1,763,804**

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	Proportion of ordinary shares held by non controlling interests	Carrying amount 31 Dec 2021 N'000	Carrying amount 30 Sept 2021 N'000
Vitafoam Sierra Leone Limited	Sierra Leone	Manufacture of foam and allied products	81.93 %	18.07 %	640,526	640,526
Vitapur Nigeria Limited	Nigeria	Manufacturing of Insulation Products	40.00 %	60.00 %	40,000	40,000
Vitablom Nigeria Limited	Nigeria	Fibre processing and soft furnishing company	40.64 %	59.36 %	103,066	103,066
Vitavisco Nigeria Limited	Nigeria	Production and sales of Visco elastic foam and latex products	30.38 %	69.62 %	21,079	21,079
Vitagreen Nigeria Limited	Nigeria	Manufacturing of shoe wears	60.00 %	40.00 %	6,000	6,000
Vono Furnitures Products Limited	Nigeria	Manufacture of furniture products	100.00 %	- %	134,864	134,864
Vitaparts Nigeria Limited	Nigeria	Manufacture of motor vehicle oil filters	52.95 %	47.05 %	123,900	123,900
					1,069,435	1,069,435
Provision for diminution in value of investment in subsidiary					(180,864)	(180,864)
					888,571	888,571

26. Depreciation and amortisation

The following items are included within depreciation and amortisation in the statement of profit or loss:

	Group		Company	
	31 Dec 2021 N '000	31 Dec 2020 N '000	31 Dec 2021 N '000	31 Dec 2020 N '000
Depreciation				
Property, plant and equipment	180,623	110,921	90,783	65,573
Right-of-use assets	3,073	3,073	3,073	3,073
Investment property	-	-	5,339	3,344
	-	-	-	-
	183,696	**113,994**	**99,195**	**71,990**
Amortisation				
Intangible assets	2,323	3,451	2,069	3,136
Total depreciation and amortisation				
Depreciation	183,696	113,994	99,195	71,990
Amortisation	2,323	3,451	2,069	3,136
	186,019	**117,445**	**101,264**	**75,126**
Cost of sales	102,858	49,497	41,802	21,996
Admin	83,161	67,948	59,462	53,130
	186,019	**117,445**	**101,264**	**75,126**