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Presco

PRESCO PLC

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

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Corporate Information

Directors
The directors who held office during the year and to the date of this report are:

Mr. Paul Cardoen (Belgian)	Chairman (Resigned 27 October 2021)
Mr. Felix O. Nwabuko FCA	Managing/Director CEO
Chief (Engr.) James B. Erhuero, JP, mni, OON	Non-Executive Director
Mr. Osa Osunde FCS, FCTI, F.loD	Independent Non-Executive Director
Chief (Dr.) Bassey E. O. Edem, FCA, MFR	Independent Non-Executive Director
HRH Prince Aiguobasinmwin O. Akenzua	Independent Non-Executive Director
Amb. Nonye Udo	Independent Non-Executive Director
Mr. Gerald Ray (South African)	Executive Director
Mr. William Kenneth Crockett (Irish)	Executive Director
Mrs. Ingrid Vandewiele (Belgian)	Non-Executive Director
Mr. Dirk Arthur G. Lambrecht	Non-Executive Director (Appointed Oct. 27 2021)

Group registration number	RC 174370
Corporate office	Obaretin Estate Km. 22, Benin/Sapele Road, Ikpoba-Okha Local Government Area, Edo State
Registrars and Transfer Office	First Registrars & Investor Services Limited Plot 2 Abebe Village Road, Iganmu, P.M.B. 12692, Marina, Lagos, Nigeria
Company secretary	Patrick Uwadia, Esq Obaretin Estate Km. 22, Benin/Sapele Road, Ikpoba-Okha Local Government Area, Edo State
Independent auditor	Deloitte & Touche (Chartered Accountants) Civic Towers, Plot GA1, Ozumba Mbadiwe Avenue, Victoria Island P.O. Box 965, Marina, Lagos, Nigeria
Technical Partners/Management Agent	NV SIAT SA Brussels Belgium
Solicitors	Abdulai Taiwo & Co. Solicitors Goodwill House 278 Ikorodu Road Lagos, Nigeria
Auditors	Deloitte & Touche (Chartered Accountants) Civic Towers, Plot GA1, Ozumba Mbadiwe Avenue, Victoria Island, P.O.Box 965, Marina, Lagos, Nigeria

Corporate information (cont'd)

Bankers	Access Bank Plc Ecobank Limited Fidelity Bank Plc First Bank of Nigeria Limited Guaranty Trust Bank Plc Stanbic IBTC Bank Plc United Bank for Africa Plc Union Bank Plc Zenith Bank Plc.

Report of the Directors

The Directors submit their report together with the audited consolidated and separate financial statements for the year ended 31 December, 2021, which disclose the state of affairs of the Group.

1. **PRINCIPAL ACTIVITIES**
The principal activities of the Group are the development of oil palm plantations, palm oil milling, palm kernel processing and vegetable oil refining. The products of the Group and Company are: refined bleached and deodorized palm oil, palm olein, palm stearin, palm fatty acid distillate, palm kernel oil (crude and refined) and palm kernel cake.

2. **OPERATING RESULT**
The group and the company's performance during the year under review is summarized below:

	The Group	The Company		
Particulars	**31-Dec-21**	**31-Dec-21**	**31-Dec-20**	**Difference**
	₦'000	**₦'000**	**₦'000**	**%**
Revenue from operations	47,426,435	47,112,445	23,891,766	97%
Gross profit	31,752,530	31,842,443	16,088,518	98%
Profit for the year	19,319,953	19,821,497	5,261,929	277%

3. **DIVIDEND**
In respect of the current year, the Directors recommend for approval a dividend of N6.60 per 50 kobo share subject to the shareholders' approval at the Annual General Meeting (AGM) and the deduction of withholding tax at the appropriate rate.

An interim dividend of N1 was paid in the year under review.

At the last AGM, shareholders approved the Directors' recommendation of a dividend of 200 kobo per share amounting to N2,000,000,000, subject to the deduction of withholding tax at the appropriate rate.

4. **DIRECTORS**
The Directors who held office during the year and to the date of this report were:

Mr. Paul Cardeon	[Belgian]	Chairman (Resigned 27 October 2021)
Mr. Dirk Arthur G. Lambrecht	[Belgian]	Appointed October 27, 2021
Mr. Felix O. Nwabuko FCA	[Nigerian]	Managing Director/CEO
Mr. Osa Osunde FCS, FCTI, F,IoD	[Nigerian]	Independent Non-Executive Director
Chief (Engr.) James B. Erhuero, JP, mni, OON	[Nigerian]	Non-Executive Director
Chief Dr. Bassey E.O. Edem, FCA, MFR	[Nigerian]	Independent Non-Executive Director
HRH Prince Aiguobasinmwin O. Akenzua	[Nigerian]	Independent Non-Executive Director
Mr. William Kenneth Crockett	[Irish]	Executive Director
Mr. Gerald Royle Ray	[South African]	Executive Director,
Ambassador Nonye Udo	[Nigerian]	Independent Non-Executive Director
Mrs. Ingrid Vandewiele	[Belgian]	Non-Executive Director

In accordance with the Group and Company's articles of association, AMB Nonye Udo, Mrs Ingrid Vandewiele and Chief Dr. Bassey E.O. Edem retire by rotation at this annual general meeting; being eligible offer themselves for re-election. Mr. Dirk Arthur G. Lambrecht who was appointed to fill a casual vacancy on the Board after the last annual general meeting retire at this meeting; being eligible offers himself for election.

Report of the Directors (cont'd)

5. DIRECTORS INTEREST IN SHARES

The interest of Directors in the issued share capital of the Company as recorded in the Register of Members and/or notified by the Directors for the purpose of Section 301 of the Companies and Allied Matters Act, 2020, and disclosed in accordance with the Listing Rules of the Nigerian Stock Exchange is as follows:

Name of Director	Units (Direct)	Units (Indirect)
	-	
Mr. Felix O. Nwabuko FCA	250	47,052
Mr. Osa Osunde FCS, FIoD	1,000	82,435
Chief Engr. James B. Erhuero, nmi, JP, OON	624,000	-
William Kenneth Crockett	61,942	
Chief Dr. Bassey Edem, FCA, MFR	50,000	-
Total	**737,192**	**129,487**

The indirect shares of Felix O. Nwabuko is held in the name of Mega Equities Limited.

The indirect shares of Osa Osunde is held in the name of Fidelity Finance Company Limited

The Direct and Indirect Holdings of the other directors remain unchanged.

The Directors with indirect shares are not representing any individual or company.

6. SHAREHOLDING STRUCTURES

Hereunder is the shareholding structure in accordance with NGx regulations.

	2021		2020	
Description	**Units**	**Percentage**	**Units**	**Percentage**
Issued Share Capital	1,000,000,000	100%	1,000,000,000	100%
Substantial Shareholding (5% and above)				
Name of shareholders				
SIAT SA (Ultimate Holding Company)	600,000,000	60%	600,000,000	60%
20450 ZPC/SIPML RSA Fund Ii-Main A/C	72,544,666	7.25%	72,544,666	7.25%
Total Substantial Shareholdings	672,544,666	67.25%	672,544,666	67.25%

Report of the Directors (cont'd)

6. SHAREHOLDING STRUCTURES (CONT'D)

Details of Directors Shareholding (direct and indirect) excluding Directors holding substantial interests.

	Indirect	Direct	Percentage	Indirect	Direct	Percentage
Mr.Paul Cardeon	-	-	-	-	-	-
Mr. Dirk Arthur D. Lambertch	-	-	-	-	-	-
Chief (Enr) James B. Erhuero OON		624,000	0.0624%		624,000	
Mr. William Kenneth Crockett		61,942	0.0062%		61,942	
Chief Dr. Bassey Edem FCA MFR		50,000	0.0050%		50,000	
Mr. Osa Osunde	82,435	1,000	0.0010%	82,435	1,000	
Mr Felix C Nwabuko FCA	47,052	250	0.0020%	47,052	250	
HRH Prince Aiuobasinmwin Akenzua	-	-	-	-	-	
Mr Gerald Royle Ray	-	-	-	-	-	
Ambassador Nonye Udo	-	-	-	-	-	
Mrs. Ingrid Vandawiele	-	-	-	-	-	
Total Directors' Shareholding	129,487	737,192	0.0766%	129,487	737,192	
Free float in Unit and Percentage		326,718,142	0.32673		326,718,142	
Free float in Value (NGN)		33,978,686,768			23,523,706,224	

Share price at the end of the reporting period N104 (2020: N72)

The indirect shares of Felix O. Nwabuko is held in the name of Mega Equities Limited.

The indirect shares of Osa Osunde is held in the name of Fidelity Finance Company Limited

The Direct and Indirect Holdings of the other directors remain unchanged.

The Directors with indirect shares are not representing any individual or company.

7. SHARE RANGE ANALYSIS

The range of the distribution of the shares of the Company as at 31 December, 2021 is as follows:

RANGE ANALYSIS AS AT 31/12/2021

RANGE		No of Holders	% Holders	Units	% Units
1	- 1,000	3,475	37.80	1,850,265	0.19
1,001	- 5,000	3,367	36.62	8,936,315	0.89
5,001	- 10,000	998	10.85	8,060,295	0.81
10,001	- 50,000	986	10.72	22,696,552	2.27
50,001	- 100,000	163	1.77	12,519,210	1.25
100,001	- 500,000	137	1.49	30,533,415	3.05
500,001	- 1,000,000	20	0.22	13,953,723	1.40
1,000,001	- 5,000,000	31	0.34	80,624,536	8.06
5,000,001	- 10,000,000	7	0.08	42,287,459	4.23
10,000,001	- 50,000,000	9	0.10	178,538,230	17.85
50,000,001	- 1,000,000,000	1	0.01	600,000,000	60.00
		9,194	**100.00**	**1,000,000,000**	**100.00**

8. CAPITAL ASSETS

Significant capital assets expenditure during the year was as follows:

	The Group	The Company	
	₦'000	**₦'000**	**₦'000**
Building	60,592	60,592	14,151
Utilities	45,345	33,285	219,161
Motor vehicles & wheel tractors	414,198	414,198	-
Spare parts	2,083,356	1,237,277	-

See Note 18 for the additions to capital assets during the year.

9. MAJOR CUSTOMERS

The Group's products are sold directly to customers comprising wholesalers, consumers and industrial users with majority located within the Country.

Some of these are: Nestle Nig Plc, Lagos; Wamco Nigeria Plc, Lagos; Chikki Food Industries, Lagos; PZ Cussons Nigeria Plc, Lagos; PZ Wilmar Ltd, Lagos; Fan Milk Plc, Ibadan; Golden Pasta Company Ltd, Lagos; Aspira Nigeria Ltd, Kano; KLK Emmerich GmbH, Germany; Promasidor, Lagos; Primera foods, Lagos; Orient foods Lagos; Beloxxi Industries Limited, Lagos; Dangote Group, Lagos; amongst others."

Report of the Directors (cont'd)

10. COMMUNITY DEVELOPMENT PROJECTS/COMMUNITY RELATIONS

The Company's Host Communities' Development Programme continued during the year ended 31 December, 2021. The focus was on education, roads, water, electricity and support to out-growers. Total expenditure in respect of the programme was N47,060,000 (2020: N51,071,000) and is included in Note 9 in these financial statements.

11. DONATIONS

The company made donations of N67,827,000 (2020: N29,577,762) to various organisations:

	31-Dec-21
	N '000
Institute of Chartered Accountants of Nigeria	3,115
Shareholders Association	25,000
Edo State Palm Oil	9,750
Ministry of Environment	1,300
National Sports Festival	2,500
Plantation workers' rites	455
Nigeria Society of Engineers	500
Benin Golf Club	750
Independent Television	400
Manufacturers Association of Nigeria	2,800
2021 Edo Summit	3,000
Nigeria Police	11,000
Presco Senior Staff Association	240
Benin Kingdom	1,200
Warri Kingdom	407
Ajagbodudu, Uroho and Abraka Kingdom	3,330
Nigeria Immigration Services	500
Donations to various communities	1,580
	67,827

12. RESEARCH & DEVELOPMENT

We are committed to Research and Development; it is at the forefront of our new planting material development and has been very successful in increasing the quantity of Fresh Fruit Bunches (FFB) and Oil production per hectare. We continue to put efforts to be the leader in Research and Development.

There is no expenditure on research and development in the year under review (2020: nil million). See Note 16.

We have collaborated with first class research organizations, national and international universities. Every year the research activities are increasingly bringing us closer to our ambition of establishing Presco as a Centre of Excellence for oil palm cultivation and research in the West African region.

13. EMPLOYMENT OF DISABLED PERSONS

The Company maintains a policy of giving fair consideration to applications for employment of disabled persons having regards to their particular aptitudes and abilities. At present there are fifty (50) disabled persons employed by the Company.

14. HEALTH, SAFETY AND WELFARE

Medical services are provided free of charge for Company employees at the estate clinics and retainer hospitals. Appropriate personal protective equipment is provided for employees at work. There is a fire-fighting program, which involves all employees and the use of sophisticated equipment. Welfare facilities provided include housing for employees (or payment of an allowance in lieu) and transport to and from the work-place.

Report of the Directors (cont'd)

15. EMPLOYEE INVOLVEMENT AND TRAINING

The Company maintains communication and consultation on a regular basis with employee representatives to brief employees on matters affecting them. On-the-job training facilities are provided for all categories of employees with a view to improving their performance, job satisfaction and prospects. External training program are also undertaken.

16 ACQUISITION OF SIAT NIGERIA LIMITED

The company completed the acquisition of 100 per cent interest in the shares of Siat Nigeria Limited in 2021.

17 AUDITORS

In accordance with Section 401(2) of the Companies and Allied Matters Act, 2020, Deloitte & Touche (Chartered Accountants) will continue in office as Auditors to the Company, having indicated their willingness to do so. A resolution will be proposed to reappoint them and to authorize the Directors to fix their remuneration.

BY ORDER OF THE BOARD

Patrick Uwadia, Esq.
Company Secretary
FRC/2013/ICSAN/00000004864
16 May 2022, Obaretin Estate,

Ikpoba Okha LGA, Edo State, Nigeria

Corporate Governance Report

Presco PLC Corporate Governance is in compliance with the National Code of Corporate Governance in Nigeria (NCCG) 2018 and supplemented by the Corporate Governance Guidelines for the Siat Group of which it is a member which is in line with International Best Practice.

THE BOARD

The Board is composed of ten Directors including the Chairman who has no executive responsibilities on the Board other than to ensure that the Company's business strategy is appropriate and implemented effectively. The Board is also responsible for the management of the Company's relationship with its various stakeholders.

On appointment, Directors receive all codes of corporate governance, charters, policy documents and comprehensive induction, including site visits and meetings with senior management to enable them have detailed understanding of the company. Additional trainings are arranged as appropriate, by the Company as the need arises.

INDEPENDENT & EXECUTIVE STATUS OF DIRECTORS

Mr. Dirk Arthur G. Lambrecht	Non-Executive
Mr. Felix O. Nwabuko	Managing /CEO
Mr. Osa Osunde	Ind. Non-Executive
Chief (Engr.) James B. Erhuero, JP, mni, OON	Non-Executive
Chief (Dr.) Bassey E.O Edem, MFR	Ind. Non-Executive
HRH Prince A. O Akenzua	Ind. Non-Executive
Mr. Williams Kenneth Crockett (Irish)	Executive Director (CFO)
Mr. Gerald Royle Ray (South-African)	Executive Director (COO)
AMB. Nonye Udo	Ind. Non-Executive
Mrs. Ingrid Gabriel Vandewiele	Non-Executive

BOARD MEETING

The Board of Directors met five times during the year, as follows:

Meeting Date	Main Item of Business
27 January, 2021	Mediation on dispute on Sakponba Land, Reconstitution of Board Committees, Unaudited Financial Statements for the year ended 31 December 2020, Operations Reports, 2021 Budget Proposals, Quarterly forecast, use of common seal among other matters, Sustainability, Board Calendar, Ten Year Business Plan.
23 March, 2021	Matters Arising from the last Meeting, Audited Report and Financial Statements 31 December 2020, Constitution of Board Committees, 27th Annual General Meeting, stepping down as Chairman and Sakponba Land. Update on Financial Statements, Update on Operations Report Independent Auditors Management Letter, Audited Financial Statements 31 December 2020, Dividend Among Others.
25 June, 2021	Acquisition of 100% of Siat Nigeria Limited
28 July, 2021	Board Committees Report, Marketing Reports, Operations Reports, Sakponba Land, Preparation for AGM, Capitalization of Assets.
27 October 2021	Board Committee's Reports, Unaudited accounts as at 30 September 2021, Sakponba Land, Operations Reports, 2022 Budget Proposals, Acquisition of All the shares of SNL, Signing of Transfer Form on Purchase of SNL, Interim Dividend, Meeting Calendar among other matters.

Corporate Governance Report(cont'd)

ATTENDANCES AT MEETINGS BY BOARD MEMBERS

The number of times board members attended meetings during the year under review is as follows:

Names of Directors	Number of Meetings Attended
Mr. Paul Cardoen (Belgian) (Chairman)	4 (Resigned 27th October, 2021)
Mr. Felix O. Nwabuko FCA, MD/CEO	5
Chief (Engr.) James B. Erhuero, JP, mni, OON	5
Mr. Osa Osunde, FCS, FCTI, F.IoD	5
Chief (Dr.) Bassey E.O. Edem, FCA, MFR	5
HRH (Prince) A.O. Akenzua	5
Mr. William Kenneth Crockett (Irish)	5
AMB. Nonye Udo	5
Mr. Gerald Royle Ray (South African)	5
Mrs. Ingrid Gabrelle Vandewiele	4
Mr. Dirk Arthur G. Lambrecht	1 (appointed 27th October, 2021)

CONFLICT OF INTEREST

All Directors and employees are expected to avoid direct or indirect conflict of interest. Where a conflict of interest may arise in matter to be decided by the Board of Directors, the Director concerned is expected to inform the Board and to abstain from voting. Transaction between the Company and Directors, where they arise, take place at arm's length.
There have been no transaction and other contractual relationship between the Company and its Board members and executive members, which are not covered by its legal provisions on conflict of interest.

The Company carries out transactions with its parent Company, NV SIAT SA at an arm's length basis. The terms and conditions of transactions are covered by an agreement between Siat SA and Presco PLC. These transactions are in the nature of secondment of personnel and the purchase and supply of equipment and materials.

TRANSACTION IN SHARES AND COMPLIANCE WITH DIRECTIVES ON MARKET ABUSE

The use of insider or unpublished information about the Company in buying or selling of its shares is strictly forbidden. In order to comply with legislation on insider dealing and market manipulation (market abuse), Directors and executive management are expected to declare transactions on their own account in the shares or other financial instruments of the Company. Where significant, such transactions will be disclosed to the market. There were no such transactions in the year under review.

The Company has adopted the code of conduct regarding Securities transactions by its directors on terms no less exacting than the required standard set on the rules. Having made enquiry of all directors, all directors have complied with the listing rules of the Nigerian Stock Exchange and issuers' code of conduct regarding securities transactions by directors.

It is hereby confirmed that the Company also has in place a Securities Trading policy in compliance with Rule 17.15 Disclosure of Dealings in issuers' Shares, Rulebook of the Exchange, 2015 (Issuers' Rules) which states that: "Every Issuer shall establish a Securities Trading policy which apply to all employees and Directors and shall be circulated to all employees that may at time possess any insider or material information about the issuer. The trading policy shall include the need to enforce confidentiality against external advisers". This policy is posted on the company's website.

Corporate Governance Report(cont'd)

COMMITTEES

Statutory Audit Committee

Mr. Kingsley Iyekekpolor (Chairman)	Shareholder, member (Re-elected on 02/09/2020)
Chief (Dr.) Bassey E.O.	Director, member (Re-appointed on 02/09/2020)
Edem FCA MFR	Director, member (Re-appointed on 02/09/2020)
Engr. M.O.T. Olayiwola Tobun	Shareholder, member (Re-elected on 02/09/2020)
Mr. Famous Igbinevbo	Shareholder, member (Re-elected on 02/09/2020)
Mr. Osa Osunde FCS. FCTI, F.IoD	Director, member (Re-appointed on 02/09/2020)

Attendances at meeting by Statutory Audit Committee Members

The number of meetings attended by Audit Committee members during the year under review is as follows:

Names of Audit Committee Members	Number of Meetings attended
Kingsley Iyekekpolor (Chairman)	5
Chief (Dr.) Bassey E.O. Edem	5
Engr. M.O.T Olayiwola Tobun	5
Mr. Famous Igbinevbo	5
Mr. Osa Osunde FCS, FCTI, F.IoD	5

The Audit Committee met five times during the year, as follows:

Meeting Date	Main Items of Business
26 January, 2021	Whistle Blowing Policy, Unaudited Q4 Financial 2020, Internal Audit Report, 2020 Budget Proposals among others.
22 March, 2021	Approval of Management Letter, Draft Audited Financial Statements for the year ended 31 December, 2020. Unaudited Financial Statements as at March, 2021, First Quarter Internal Audit Manager's Report.
25 June, 2021	Acquisition of 100% of Siat Nigeria Limited
27 July 2021	Approval of Unaudited accounts as at 30 June, 2021 and Internal Audit Report as at 30 June, 2021, Preparation for AGM among other matters
26 October, 2021	Election of Chairman, Approval of Audit Planning Memorandum for Presco PLC for the year ending at 2022 Annual General Meeting, Unaudited accounts as at 30th September, 2021 and Internal Audit Report as at 30th September, 2021.

RISK MANAGEMENT COMMITTEE

The primary responsibility of the Risk Management Committee is to oversee and approve the company-wide risk management practices to assist the board in:

a. Overseeing that the executive team has identified and assessed all the risks that the company faced and has established a risk management infrastructure capable of addressing those risks.
b. Overseeing in conjunction with other board-level committees or full board, if applicable, management of risks, such as strategic, financial, credit, market, liquidity, security, property, IT, legal, regulatory, reputational, and other risks.
c. Overseeing the division of risk-related responsibilities as clearly as possible and performing a gap analysis to determine that the oversight of any risks is not missed.
d. In conjunction with the full board, approving the company's enterprise-wide risk management framework.
e. The risk committee may have the authority to conduct investigations into any matters within its scope of responsibility and obtain advice and assistance from outside legal, accounting, or other advisers, as necessary, to perform its duties and responsibilities of the board, the chief executive officer of the company, and all other executive and non-executive directors and senior management positions.

Corporate Governance Report(cont'd)

RISK MANAGEMENT COMMITTEE (CONT'D)

DUTIES
To fulfill responsibilities, the risk committee will:

a. Help to set the tone and develop a culture of the enterprise vis-à-vis risk, promote open discussion regarding risk, integrate risk management into the Company's goals and compensation structure, and create a corporate culture such that people at all levels manage risks rather than avoid them.
b. Provide input to management regarding the enterprise's risk appetite and tolerance and, ultimately, approve risk appetite and the statement of risk appetite and tolerance messaged throughout the company and line of business.
c. Monitor the Company's risk profile – its on-going and potential exposure to risks of various types.
d. Approve on behalf of the Board, the risk management policy and plan. Management develops both the risk management policy and the plan for approval by the committee. The risk management plan should consider the maturity of the risk management of the company and should be tailored to the specific circumstances of the company. The risk management plan should include:

   i. The company's risk management structure
   ii. The risk management framework i.e., the approach to be followed
   iii. The measurable milestones such as tolerances, intervals, frequencies, frequency rates, etc.
   iv. Risk management guidelines reference to integration through, for instance, training and awareness programmes, and details of the assurance and review of the risk management process.
   v. The committee should review the risk management plan at least one year.
   vi. Define risk review activities regarding the decisions (e.g., acquisitions), initiatives (e.g. new products), and transactions and exposures (e.g. by amount) and prioritize them prior to being sent to the board's attention.
   vii. Review and confirm that all responsibilities outlined in the Charter have been carried out.
   viii. Monitor all enterprise risks; in doing so, the committee recognizes the responsibilities delegated to other committees by the board and understand that the other committees may emphasize specific risk monitoring through their respective activities.
   ix. Conduct an annual performance assessment relative to the committee's purpose, duties and responsibilities
   x. Oversee the risk programme/interactions with management
   xi. Review and approve the risk management infrastructure and the critical risk management policies adopted by the company.
   xii. Periodically review and evaluate the company's policies and practices with respect to risk assessment and risk management and annually present to the full board a report summarizing the committee's review of the company's methods for identifying, managing and reporting risks and risk management deficiencies.
   xiii. Continually, as well as at specific intervals, monitor risk and risk management capabilities within the company, including communication about escalating risk and crisis preparedness and recovery plans.
   xiv. Continually obtain reasonable assurance from management that all known and emerging risks have been identified and mitigated or managed.
   xv. Communicate formally and informally with the executive team regarding risk governance and oversight.
   xvi. Discuss with the CEO and management of the company's major risk exposures and review the steps management has taken to monitor and control such exposures, including the company's risk assessment and risk management policies.
   xvii. Review and assess the effectiveness of the company's enterprise-wide risk assessment processes and recommend improvements, where appropriate; review and address, as appropriate, management's corrective actions for deficiencies that arise with respect to the effectiveness of such programmes.
   xviii. Monitor governance rating agencies and their assessments of the company's risks and proxy advisory services policies, and make recommendations as appropriate to the Board.
   xix. In coordination with the Audit Committee, understand how the company's internal audit work plan is aligned with the risks that have been identified and with risk governance (and risk management) information needs. Understand and approve management's definition of the risk related reports that the committee could receive regarding the full range of risks the company faces, as well as their form and frequency.

Corporate Governance Report(cont'd)

RISK MANAGEMENT COMMITTEE (CONT'D)

DUTIES (CONT'D)

xx. Respond to reports from Management so that Management understands the importance placed on such reports by the Committee and how the Committee views their content.
xxi. Read and provide input to the Board and Audit Committee regarding risk disclosures in financial statements and other public statements regarding risk.
xxii. Keep risk on both the full board's and management's agenda on a regular basis.
xxiii. Disclose in the company's integrated report how it has satisfied itself that risk assessments, responses and interventions are effective.
xxiv. Approve the appointment and, when and if appropriate, replacement of the Chief Risk Officer, who shall report directly to the Committee as well as to the Chief Executive Officer and who shall have qualifications commensurate with applicable legal and regulatory guidance relating to risk management expertise.
xxv. Review and evaluate annually the qualifications, performance and compensation of the Chief Risk Officer.
xxvi. Review with the Chief Risk Officer the adequacy of staffing and resources of the risk management function.
xxvii. Make such recommendations with respect to any of the above and other matters as the Committee deems necessary or appropriate.
xxviii. Regularly evaluate its performance and that of its individual members.
xxix. Have such other authority, duties and responsibilities as may be delegated to the Committee by the Board.

Date of Meeting	Names of Members		Attendance
	Amb. Nonye Udo	Chairman	3
	Mr. Osa Osunde	Member	3
	Chief (Dr.) Bassey E.O. Edem	Member	3
	Mrs. Ingrid Gabrielle Vandewiele	Member	3
	Company Secretary	Secretary	3

BOARD AUDIT COMMITTEE

Purpose
The purpose of the Audit Committee is to provide a Structured, systematic oversight of the organization's governance, risk management, and internal control practices. The committee assists the board and management by providing advice and guidance on the adequacy of the organization's initiatives for:

- Values and Ethics
- Governance Structures
- Risk Management
- Internal Control Framework
- Oversight of the Internal Audit Activity, External Auditors, and other providers of assurance.
- Financial statements and accountability reporting.

In broad terms, the audit committee reviews each of the items noted above and provides the board with advice and guidance regarding the adequacy and effectiveness of management practices and potential improvements to those practices.

Corporate Governance Report(cont'd)

BOARD AUDIT COMMITTEE (CONT'D)

Authority
The Audit Committee Charter sets out the authority of the Audit Committee to carry out the responsibilities established for it by the board as articulated within the Audit Committee Charter.

In discharging its responsibilities, the Audit Committee will have unrestricted access to members of management, employees, and relevant information it considers necessary to discharge its duties. The committee also will have unrestricted access to records, data and reports. If access to requested documents is denied due to legal or confidentiality reasons, the Audit Committee will follow a prescribed, Board approved mechanism for resolution of the matter.

The Audit Committee is entitled to receive explanatory information that it deems necessary to discharge its responsibilities. Presco's management and staff are expected to cooperate with Audit Committee requests.

The Audit Committee may engage independent counsel and/or other advisers it deems necessary to carry out its duties.

The Audit Committee is empowered to:
- Appoint, compensate, and oversee all audit and non-audit services performed by auditors, including the work of any external auditor
- Resolve any disagreement between management and external auditor regarding financial reporting and other matters.
- Pre-approve all auditing and non-audit services performed by auditors.

Members of Board Audit Committee

Date of Meeting	**Names of Members**		**Attendance**
	Chief (Dr.) Bassey E.O. Edem	Chairman	3
	Mr. Osa Osunde	Member	3
	HRH Prince Akenzua	Member	3
	Company Secretary	Secretary	3

This board audit committee did not meet during the year.

Nomination and Governance Committee

Responsibilities of the Committee
1. Consider and review proposals from Management for the recruitment, promotion and employment/termination of Senior Management Staff;
2. Consider and make recommendations to the Board for approval of disciplinary action to be carried out against senior management staff;
3. Consider and make recommendations to the Board for approval on the organizational structure, and policies covering the evaluation, compensation and provision of benefits to employees and any other human capital issues;
4. Consider and make recommendations to the Board for approval of the Company's policy on Health and Safety at work and any proposed amendments;
5. Consider and make recommendations to the Board for approval of the Company's human resource strategies and compensation policy.
6. Assess the effectiveness of the Corporate Governance Framework.
7. Consider and make recommendations to the Board on composition and the experience required by Board committee members, committee appointments and removal, operating structure, reporting and other committee operational matters.
8. Consider and make recommendations to the board on appointment and re-election of directors.
9. Ensure that all new directors receive formal letters of appointment specifying their tenure, responsibilities, board committee involvement and other relevant details.

Corporate Governance Report(cont'd)

BOARD AUDIT COMMITTEE (CONT'D)

Nomination and Governance Committee (cont'd)

Responsibilities of the Committee (cont'd)

10. Ensure that new directors receive a formal induction training to familiarize them with the Company's business, strategy and operations, assist them in discharging their fiduciary duties, responsibilities, and understand their powers and potential liabilities.
11. Ensure the development and implementation of an annual training plan for continuous education of all Board members which will provide for periodic briefings on relevant laws and regulations to Board members.
12. Ensure adequate succession planning for Board of Directors and key management staff of the company.
13. Review and make recommendations to the Board for approval of the company's organization structure, and the company's policies on evaluation, compensation and provision of benefits to its employees and any other human capital issues.
14. Review and make recommendations to the Board for approval of the terms and conditions of employment of company's staff, its staff handbook and any proposed amendment.
15. Consider and advise the Board on its size, composition and balance of the Board and its Committees, retirement and appointment of additional Directors, and the replacement of Directors.
16. Prepare a description of the roles and capabilities required for a particular appointment and ascertain that nominees for the position of director are fit and proper and are not disqualified from being directors.
17. Oversees the implementation of the Company's Code of Business Conduct and reporting lapses and recommending appropriate actions to the Board from time to time.
18. Ensure the performance evaluation of the CEO is performed by the Board on an annual basis and formal feedback provided to the CEO;
19. Nominate independent consultants to conduct annual review/appraisal of the performance of the Board and make recommendations to the Board in this regard. This review/appraisal should cover all aspects of the Board's structure, composition, responsibilities, individual competencies, board operations, board's roles in strategy setting, oversight over corporate culture, monitoring role and evaluation of management performance and stewardship to shareholders.
20. Regularly evaluates its performance and that of its individual members.
21. Perform such other matters as may be specifically delegated to the committee by the board.

Nomination and Governance Committee

Date of Meeting	Names of Members		Attendance
	Mr. Osa Osunde	Chairman	3
	Chief (Dr.) Bassey E.O. Edem	Member	3
	Amb. Nonye Udo	Member	3
	Company Secretary	Secretary	3

Corporate Governance Report(cont'd)

Securities Trading Policy

The Securities Trading Policy ("Policy") of Presco PLC ("the Company") provides information regarding insider trading provisions in compliance with the Listing Rules ("Listing Rules") of the Nigerian Stock Exchange ("Exchange") and the Rules and Regulations of the Securities and Exchange Commission ("SEC") both as amended. This Policy set out the requirements for Directors, Principal Officers, Employees, persons discharging managerial responsibility, External Advisers ("Officials") of the Company and persons closely connected to them, to determine their conduct regarding securities transactions in the Company.

The objective of this Policy is to ensure that all Insiders and or Officials (who become aware of or have the knowledge of any negotiations or agreements related to intended acquisitions or disposals, which are notifiable transactions or connected transactions under the Listing Rules or any insider information), must refrain from dealing in the Company's securities, as soon as they become aware of them or have the information, until such a time that the information has been made public. Any unauthorized disclosure of confidential information to any other person or the use of such information for the advantage of himself/herself or others is disallowed. Consequently, all dealings in which insiders or Officials are deemed to be interested in, must be conducted in accordance with this Policy. Insiders or Officials who are desirous of dealing in any securities in the Company must have regard to the provisions of the Investments and Securities Act ("ISA") and the Listing Rules with respect to Insider dealing and market misconduct.

We confirm that Presco PLC's Securities Trading Policy has been posted on the Company's website.

Complaints Management Policy

To establish and maintain complaints management framework in compliance with rules relating to complaints management framework of the Nigeria Capital Market.

To establish and maintain open, easy accessible window to enable all stakeholders and members of the public present or lodge complaints concerning the company's operations, business activities, management, administration and public relation.

To establish and maintain competent and functional complaints committee to investigate and resolve complaints received or lodged.

To establish and maintain electronic complaints register.

To take all necessary measures in full compliance with the provisions of the code of good corporate governance of public quoted company in particular and organization in general.

To carry out the Complaints Management policy of the company as summarized above under complaints management policy.

Complaints management policy.

We confirm that Presco PLC Complaints Management Policy has been posted on the Company's website.

Complaints Management Committee

Date of Meeting	Names of Members		Attendance
	HRH (Prince) A.O. Akenzua	Chairman	3
	Mrs. Ingrid Gabrielle Vandewiele	Member	3
	Engr. James B. Erhuero	Member	3
	Company Secretary	Secretary	3

The complaints management committee did not meet during the year under review.

Corporate Governance Report(cont'd)

Remuneration Committee
A remuneration committee was constituted by the Board during the year under review in line with the requirement of Securities and Exchange Commission (SEC). NCCG (National Code of Corporate Governance). The members of this committee are:

Remuneration Committee:

Date of Meeting	Names of Members		Attendance
	Chief James B. Erhuero	Chairman	3
	Amb. Nonye Udo	Member	3
	HRH Prince A.O. Akenzua	Member	3
	Company Secretary	Secretary	3

The remuneration committee did not meet during the year under review.

Purpose of the Committee
The Board Remuneration Committee (the "Committee") is established to assist the Board of Presco PLC (the "Board") to ensure the effectiveness of the overall governance of remuneration of members of the Board and Senior Management staff and to undertake any other assignments that the Board may assign to it from time to time.

The committee Charter sets out the authority of the Board Remuneration Committee to carry out the responsibilities established for it by the Board as articulated within this Chambers.

In discharging its responsibilities, this committee will have unrestricted access to Members of Management, employees, and relevant information it considers necessary to discharge its duties. The Committee also will have unrestricted access to records, data, and reports. If access to requested documents is denied due to legal or confidentiality reasons, the Committee will follow a prescribed Board approved mechanism for resolution of the matter.

The Committee is entitled to receive any explanatory information that it deems necessary to discharge its responsibilities.

Responsibilities of the Committee
1. Review and make recommendation to the Board on all retirement and termination payment plans due to employees on the Executive Management cadre.
2. Make recommendations to the Board regarding the remuneration of the members of the Board and its Committees.
3. Ensure proper disclosure of directors' remuneration to stakeholders.
4. Review the remuneration policy and make appropriate recommendations to the board.
5. Present any recommendations for change to the Board for discussion and vote.
6. Perform other activities related to this Charter as requested by the Board of Directors.
7. Regularly evaluate the performance of the Committee performance and that of its members.

There is currently no Board Business Development Committee because the full Board reviews the long-term business plan annually.

There is currently no Board Corporate/Public Relations Committee because the full Board regularly reviews and evaluates aspects of the social and business environment and duly guides Executive Management.

Corporate Governance Report(cont'd)

Company Secretary
All Directors have access to the services of the Company Secretary and may take independent professional advice at Presco's expense.

The Company Secretary is also responsible for facilitating the induction and professional development of Board members as well as ensuring information flow within the Board, its Committees and between the Non- Executive Directors and Senior Management.

The Company Secretary is Mr. Patrick Uwadia. He was employed on April 8th, 2013.

Executive Management
Under the leadership of the Managing Director, Executive Management is responsible to the Board for the implementation of the strategy and policies approved by the Board, making and implementing operational decisions and running the Company. Non-Executive Directors, using their knowledge and experience, challenge, monitor and approve the strategy and policies recommended by Executive Management.

Information Flows
It is the responsibility of Executive Management under the direction of the Board, to ensure that the Board receives adequate information on a timely basis, about the Company's businesses and operations at appropriate intervals and in an appropriate manner, to enable the Board to carry out is responsibilities.

Internal Audit
The Company's internal audit function reports to the Managing Director. For its day-to-day and project work, the department is guided by the instructions of the Statutory Audit Committee and the Company's internal Audit Charter/Procedures Manual. The internal Auditor is Mr. Fayoyin Oyekunle. He has held the position since May 5th, 2014.

Management
No change in management in the period under review.

Environment, Health and Safety
The Company conducts its affairs in a safe and environmentally sustainable manner as well as promotes the health of its employees, contractors, customers and host communities. Presco PLC complies with all applicable environmental, health and safety laws and regulations and aims to improve its performance in these areas. Environmental, health and safety matters are integrated into business decision-making and training is provided to ensure that stakeholders are aware of the requirements of the Company's Corporate Governance Guidelines.

The Company commits significant resources towards environmental protection, health and safety. There are independent departments with budgets for same. The Company is a foremost sponsor in the exercise to classify Nigerian Palm Oil under Round Table for Sustainable Palm Oil (RSPO).

Certification Pursuant to Section 60 (2) of Investment and Securities Act No. 29 of 2011

We the undersigned hereby certify the following with regards to our financial reports for the year ended 31 December, 2021 that;

a) We have reviewed the report;

b) To the best of our knowledge, the report does not contain:

(i) Any untrue statement of materials effect, or
(ii) Omit to state a material fact, which would make the statements misleading in the light of the circumstances under which such statements were made;

c) To the best of our knowledge, the financial statements and other financial information included in the report fairly present in all material respects the financial condition and results of operations of the Group and Company as of, and for the period presented in the report.

d) We:
(i) Are responsible for establishing and maintaining internal controls;
(ii) Have designed such internal controls to ensure that material information relating to the Group and Company is made known to such officers by others within entities particularly during the period in which the periodic reports are being prepared;

(iii) Have evaluated the effectiveness of the Group's and Company's internal controls as of date within 90 days prior to the report;

(iv) Have presented in our report our conclusions about the effectiveness of the company's internal controls based on our evaluation as of that date;

e) We are not aware of and have disclosed as such to the Auditors and the Audit Committee:

(i) Significant deficiencies in the design and operation of internal controls which would adversely affect the Company's ability to record, process, summarize and report financial data and have identified for the company's auditors any material weakness in internal controls; and
(ii) Any fraud, whether or not material, that involves management or other employees who have significant role in the company's internal controls;

f) We have identified in the report whether or not there were significant changes in internal controls or other factors that could significantly affect internal controls subsequent to the date of our evaluation, including any corrective actions with regard to significant deficiencies and material weakness.

Felix O. Nwabuko	**William Kenneth Crockett**
Managing Director	**Chief Financial Officer**
FRC/2016/ICAN/00000014276	**FRC/2019/ICAN/00000019300**

Statement of Directors' Responsibilities
For the preparation and approval of the consolidated and separate financial statements

The Directors of Presco Plc are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view of the financial position of the Group and Company as at 31 December 2021, and the results of its operations, cash flows and changes in equity for the year ended, in compliance with International Financial Reporting Standards ("IFRS") and in the manner required by the Companies and Allied Matters Act of Nigeria and the Financial Reporting Council of Nigeria Act, 2011.

In preparing the consolidated and separate financial statements, the Directors are responsible for:

- properly selecting and applying accounting policies;
- presenting information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- providing additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance

Going Concern:
The Directors have made an assessment of the Group's and Company's ability to continue as a going concern and have no reason to believe the Group/Company will not remain a going concern in the year ahead.

Felix O. Nwabuko	**William Kenneth Crockett**
Managing Director	**Chief Financial Officer**
FRC/2016/ICAN/00000014276	**FRC/2019/ICAN/00000019300**

Certification of consolidated and separate financial statements

In accordance with section 405 of the Companies and allied act of Nigeria, the Chief Executive Officer and the Finance Director certify that the financial statements have been review based on the knowledge, the

(i) audited consolidated and separate financial statements do not contain any untrue statement of material fact or omit to state a material fact, which make the statements misleading, in the light of the circumstances under which such statements was made, and

(ii) audited consolidated and separate financial statements and all other financial information included in the statements fairly present, in all material respects, the financial condition and results of operation of the Group and Company as of and for, the periods covered by the audited consolidated and separate financial statements;

We state that management and directors:

(i) are responsible for establishing and maintaining internal controls and has designed such internal controls to ensure that material information relating to the Company and its subsidiary is made known to the officer by other officers of the group and company, particularly during the period in which the audited consolidated and separate financial statements are being prepared,

(ii) has evaluated the effectiveness of the group's and company's internal controls within 90 days prior to the date of its audited consolidated and separate financial statements, and

(iii) certifies that the group's and company's internal controls are effective as of that date,

We have disclosed:

(i) all significant deficiencies in the design or operation of internal controls which could adversely affect the group's and company's ability to record, process, summarize and report financial data, has identified for the group's and company's auditors any material weaknesses in internal controls, and

(ii) whether or not, there is any fraud that involves management or other employees who have a significant role in the group's and company's internal controls; and

(iii) as indicated in the report, whether or not, there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date their evaluation, including any corrective actions with regards to significant deficiencies and material weakness.

The consolidated and separate financial statements of the Group/Company for the year ended 31 December 2021 were approved by the directors on 16 May 2022.

Felix O. Nwabuko
Managing Director
FRC/2016/ICAN/00000014276

William Kenneth Crockett
Chief Financial Officer
FRC/2019/ICAN/00000019300

Report of the Audit Committee

To the members of Presco Plc

In compliance with the provisions of Section 404(7) of the Companies and Allied Matters Act,2020, the members of the Audit Committee reviewed the consolidated and separate financial statements of the company for the year ended 31 December 2021 and reports as follows:

a) Reviewed the scope and planning of the audit requirements and found them adequate;

b) Reviewed the consolidated and separate financial statements for the year ended 31 December 2021 and are satisfied with the explanations obtained;

c) Reviewed the external auditors' management letter for the year ended 31 December 2021 and are satisfied that management is taking appropriate steps to address the issues raised; and

d) Ascertained that the accounting and reporting policies for the year ended 31 December 2021 are in accordance with legal requirements and agreed ethical practices.

The external auditors confirmed having received full cooperation from the Group's and Company's management and that the scope of their work was not restricted in any way.

Chief Dr. Bassey E.O. Edem, FCA, MFR
FRC/2015/ICAN/00000012205
For Chairman, Statutory Audit Committee
26 May 2022

Members of the Staturory Audit Committee:

Mr. Kingsley Iyekekpolor	Shareholder	Chairman
Chief Dr. Bassey E.O. Edem, FCA, MFR	Director	Member
Engr. M.O.T. Olayiwola Tobun	Shareholder	Member
Mr. Famous Igbinevbo	Shareholder	Member
Mr. Osa Osunde FCS. FCTI, F.Iod	Director	Member

The Company Secretary, Patrick Uwadia, acted as secretary to the audit committee

Grant Thornton

Chartered Accounts

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REPORT OF THE EXTERNAL CONSULTANT ON PRESCO PLC'S BOARD OF DIRECTORS' APPRAISAL

We have completed our procedures for Presco Plc's Board of Directors' appraisal for the year ended 31 December 2021 in accordance with the Nigerian Code of Corporate Governance 2018 for public and private sectors in Nigeria and the Securities and Exchange Commission (SEC) Form 01.

Based on our review, as well as analysis of Board members self-evaluation questionnaires, we are of the opinion that the Board's performance complied with the requirements set out in the Nigerian Code of Corporate Governance 2018 for public and private sectors in Nigeria and SEC Form 01.

Our review procedures were in accordance with the limited scope of our engagement and might not necessarily identify all irregularities that may exist in the underlying information. This report should not be construed as expression or approval of matters not specifically mentioned therein.

The review was concluded in March 2022. The key findings and specific recommendations for improvements have been articulated and included in our detailed report to the Board of Directors.

Yours faithfully,

Lateef A. Emiola

FRC/2017/ICAN/00000016070
For: Grant Thornton

21 April 2022

Deloitte.

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Independent Auditor's Report

To the Shareholders of Presco Plc

Report on the Audit of the Consolidated and Separate Financial Statements

Opinion
We have audited the consolidated and separate financial statements of **Presco Plc** and its subsidiary (the Group and Company) set out on pages 6 to 90 which comprise the consolidated and separate statements of financial position as at 31 December 2021, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity, consolidated and separate statements of cash flows for the year then ended and the notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of **Presco Plc** as at 31 December 2021, and its consolidated and separate financial performance and consolidated and separate statements of cash flows for the year then ended in accordance with the International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act and the Financial Reporting Council of Nigeria Act, 2011.

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Nigeria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of the consolidated and separate Financial Statements in Nigeria.

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

Key Audit Matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Key Audit Matters	How the matters were addressed in the audit
Biological Assets Valuation	
The value of the biological assets (Fresh Fruit Bunches) of N15.24 Billion is a significant balance in the Group's statements of financial position and is disclosed in note 17 to the consolidated and separate financial statements. The valuation of the biological assets involves significant judgments and assumptions. Accordingly, for the purposes of our audit, we identified the valuation of biological assets as a key audit matter based on the significant judgement and assumptions made by the directors. The assumptions which have the most significant impact on the biological assets valuation are: • The Fresh Fruit Bunches (FFB) yield of the palm tree, which is subjective because it is based on the directors' experience and expectations. The yield is estimated based on age profile of the palm trees. Relevant assumptions and judgements have been included in note 3 to the financial statements. • The discount rate, which is based on the weighted average cost of capital. The calculation of the weighted average cost of capital is a complex process that involves judgements and specific risk adjustments. • The applicable market to determine the most appropriate Crude Palm Oil price and related transactional costs to the Group and Company.	In evaluating the valuation of Biological Assets, we tested the assumptions used and also compliance with the requirements of relevant accounting standards. Our procedures included the following: • Testing the effectiveness of design and implementation of key controls including management monitoring controls in respect of the determination of inputs into the biological assets fair value model • Assessing the method of valuation used by the directors for consistency with prior years, alignment to industry practice and compliance with the requirements of IAS 41 – Biological Assets and the group's accounting policy; • Challenged the model in use with respect to compliance with IAS 41 provision and ensured appropriate adjustments made when necessary. • Reviewed the inputs used in the valuation by holding discussions with management and obtaining and reviewing the farm report to verify the input factors used. • Benchmarked the inputs used in the valuation to applicable market data. • Obtained the relevant and applicable Crude Palm Oil (CPO) price converted at the appropriate exchange rate. • Reviewed the assumptions used in the discounted cash flows computation and ensured that they were reasonable. • Reviewed historical price margins to determine the reasonability and appropriateness of the cash flows. • Ensured that discount factors used in the computation was the weighted average cost of capital of the Group and Company's industry • Performed sensitivity analysis to assess the impact of any change on the assumptions and inputs. • The use of our specialists to assist in assessing the key assumptions • Evaluated the adequacy of the financial statements disclosures, including disclosures of key assumptions, judgements and sensitivities. The judgements made by the directors and the key assumptions appear to be reasonable; and we concur with the appropriateness of the disclosures in note 17 to the consolidated and separate financial statements of matters relating to the biological assets.

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Siat Nigeria Limited Acquisition

The board of directors and management of Presco Plc made an offer to SIAT NV (the ultimate parent company) to acquire 100% of the 7,330,965,143 (Seven billion Three hundred and thirty million Nine hundred and sixty-five thousand, One hundred and forty-three) ordinary shares of Siat Nigeria Limited (SNL) held by SIAT NV for a consideration of N23 billion (Twenty-three Billion Naira) (the "Offer") (Note 21.2). This translates to a price of approximately N3.137 for each ordinary share in SNL. After the acquisition, SNL became a wholly owned subsidiary of Presco Plc as outlined in the terms of the Acquisition.

On 13 October 2021, a purchase agreement was concluded with SIAT NV (ultimate parent) covering the acquisition of Siat Nigeria Limited (SNL). The acquisition was completed after all necessary regulatory and administrative approvals were obtained.

The transaction was identified as transfer of assets or an exchange of equity interests among entities under the same parent's control (common control). "Control" can be established through a majority voting interest, as well as variable interests and contractual arrangements. Entities that are consolidated by the same parent—or that would be consolidated, if consolidated financial statements were required to be prepared by the parent or controlling party are considered to be under common control. Determining whether common control exists requires judgment and could have broad implications for financial reporting, deals and tax.
This means that assets transferred to the entity are generally not stepped up to fair value. Instead, they are recorded at historical cost basis.

Due to the matter described, we considered the business combination and in particular the purchase price allocation as a key audit matter in our audit.

In evaluating the Siat Nigeria Limited (SNL) acquisition transactions, we:

- Verified, based on the purchase agreements and the agreements under company law as well as the criteria defined in IFRS 10, the assessment made by the Directors with regard to the control over the shares taken over in the consolidated financial statements,
- Assessed the methodical approach in identifying the assets acquired and liabilities assumed at the acquisition date,
- Verified the measurement methods and consulted with IFRS specialists on the determination of the identifiable assets and liabilities acquired under common controls
- Examined the disclosures on the acquisition made in the notes in accordance with the requirements of all relevant and applicable financial reporting Standards.
- Ensured presentation of consolidated and separate financial statements in the current year as a result of the new status of Presco Plc as the immediate holding company of SNL.

We consider the underlying assumptions and measurement parameters to be plausible and reasonable. We concluded that the accounting and measurement methods applied are in accordance with the requirement of the International Financial Reporting Standards (IFRSs).

Other Information

The directors are responsible for the other information. The other information comprises the corporate information, Directors' report, the Investment and Security Act No. 29 of 2007 Section 60(2) certification, report of the External Consultants on Presco Plc's Board of Directors' appraisal for the year ended 31 December 2021, the Statement of directors' responsibilities, the Audit committee's report, Corporate Governance Report and other national disclosures which we obtained prior to the date of this auditor's report. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Directors for the Consolidated and Separate Financial Statements
The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, the requirements of the Companies and Allied Matters Act, the Financial Reporting Council of Nigeria Act and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/ or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and /or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicated with the audit committee and the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provided the audit committee and directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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From the matters communicated with the audit committee and the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Fifth Schedule of the Companies and Allied Matters Act, we expressly state that:

i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

ii) The Group have kept proper books of account, so far as appears from our examination of those books.

iii) The Group and Company's financial position, statements of profit or loss and other comprehensive income are in agreement with the books of account and returns.

Folorunso Hunga, FCA, FRC/2013/ICAN/00000001709
For: Deloitte & Touche
Chartered Accountants
Lagos, Nigeria
18 **May 2022**

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
ICAN
0496011

Statements of Profit or Loss and Other Comprehensive Income

	Notes	Group		Company	
		31 Dec. 2021 N'000	31 Dec. 2020 N'000	31 Dec. 2021 N'000	31 Dec. 2020 N'000
Revenue	7	47,426,435	-	47,112,445	23,891,766
Cost of sales	8	(15,673,905)	-	(15,270,002)	(7,803,248)
Gross profit		**31,752,530**	-	**31,842,443**	**16,088,518**
Administrative expenses	9	(9,466,428)	-	(8,445,374)	(6,815,194)
Selling and distribution expenses	10	(747,725)	-	(650,402)	(318,364)
Other gains and (losses)	11	312,566	-	312,566	158,319
Other operating (losses)/income	11.1	126,743	-	(271,714)	(408,861)
Gains on biological asset revaluation	17	6,962,382	-	5,846,447	1,845,367
Operating profit before finance cost and finance income		**28,940,068**	-	**28,633,966**	**10,549,785**
Finance cost	12	(2,579,982)		(1,772,336)	(1,918,292)
Finance income	13	18,184	-	18,184	58,858
Profit before tax	14	**26,378,270**	-	**26,879,814**	**8,690,351**
Tax expense	15	(7,058,317)	-	(7,058,317)	(3,428,422)
Profit for the year		**19,319,953**	-	**19,821,497**	**5,261,929**
Profit for the year attributable to:					
Non-controlling interest		-	-	-	-
Owners of the parent		19,319,953	-	**19,821,497**	**5,261,929**
		19,319,953	-	**19,821,497**	**5,261,929**
Other Comprehensive Income (OCI)					
Profit for the year		**19,319,953**	-	**19,821,497**	**5,261,929**
Item(s) that will not be classified subsequently to profit or loss					
Remeasurement of defined benefit obligation	26.2	375,751	-	215,501	(140,501)
Income tax relating to components of OCI	15.3	(122,119)	-	(70,038)	42,150
Items that will be reclassified to profit or loss					
Other comprehensive income, net of tax		**253,632**	-	**145,463**	**(98,351)**
Total comprehensive income for the year		**19,573,585**	-	**19,966,960**	**5,163,578**
Earnings Per Share					
Basic (Kobo)	34	1,932	-	1,982	526
Diluted (Kobo)	34	1,932	-	1,982	526

The company notes form an integral part of these financial statements.

Statements of financial position
As at 31 December 2021

		Group		Company	
	Notes	31 Dec. 2021 N'000	31 Dec. 2020 N'000	31 Dec. 2021 N'000	31 Dec. 2020 N'000
Assets:					
Non-current assets					
Intangible assets	16	149,755	-	16,409	74
Property, plant and equipment	18	84,568,445	-	53,704,380	52,109,564
Right-of-use assets	19	4,009,859	-	1,601,066	1,624,456
Investment in subsidiaries	21	-	-	23,000,000	-
Total non-current assets		88,728,059	-	78,321,855	53,734,094
Current assets					
Inventories	22	4,195,922	-	3,919,619	3,549,206
Biological assets	17	15,236,322	-	12,784,291	6,937,844
Trade and other receivables	23	10,081,412	-	9,509,148	6,962,760
Cash and bank balances	24	22,364,597	-	22,253,957	2,585,092
Total current assets		51,878,253	-	48,467,015	20,034,902
Total assets		140,606,312	-	126,788,870	73,768,996
Equity and Liabilities					
Equity					
Share capital	25.1	500,000	-	500,000	500,000
Share premium	25.2	1,173,528	-	1,173,528	1,173,528
Other reserves		113,544	-	5,375	(140,088)
Acquisition premium on SNL	21.2	(17,848,831)	-	-	-
Retained earnings		45,843,042	-	46,344,585	29,518,014
Total Equity		29,781,283	-	48,023,488	31,051,454
Non-current liabilities					
Borrowings	27	22,373,286	-	5,458,339	6,810,189
Deferred benefit obligations	26	1,077,797	-	826,284	938,705
Deferred tax liabilities	31	10,946,165	-	10,894,084	9,055,816
Deferred income	29	455,916	-	455,916	466,365
Lease liabilities	30.2	2,511,775	-	186,527	186,529
Total Non-current liabilities		37,364,939	-	17,821,150	17,457,604
Current liabilities					
Trade and other payables	32	32,840,900	-	26,747,965	11,541,336
Current tax liabilities	31	5,397,904	-	5,397,904	628,181
Bank overdraft	28	5,655,259	-	1,945,241	6,364,154
Borrowings	27	28,685,891	-	25,992,941	6,425,272
Deferred Income	29	826,675	-	826,675	267,489
Lease liabilities	30.2	53,461	-	33,506	33,506
Total current liabilities		73,460,090	-	60,944,232	25,259,938
Total liabilities		110,825,029	-	78,765,382	42,717,542
Total equity and liabilities		140,606,312	-	126,788,870	73,768,996

The financial statements were approved and authorised for issue by the Board of Directors on 16 May 2022 and were signed on its behalf by:

Felix Nwabuko
Managing Director
FRC/2016/ICAN/00000014276

William Kenneth Crockett
Chief Financial Officer
FRC/2019/ICAN/00000019300

The accompanying notes form an integral part of these financial statements.

Statements of changes in equity

Group	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Other Reserves N'000	Total N'000
Year ended 31 December 2021					
Balance as at 1 January 2021	**500,000**	**1,173,528**	**29,518,014**	**(140,088)**	**31,051,454**
Profit for the year	-		19,319,953	-	19,319,953
Net remeasurement gain on defined plan	-	-	-	253,632	253,632
Total Comprehensive Income	-	-	**19,319,953**	**253,632**	**19,573,585**
Acquisition premium on SNL (Note 21.2)	-	-	-	(17,848,831)	(17,848,831)
Status Bar dividend			5,075	-	5,075
Dividend paid	-	-	(3,000,000)	-	(3,000,000)
Balance as at 31 December 2021	**500,000**	**1,173,528**	**45,843,042**	**(17,735,287)**	**29,781,283**

Company	Share Capital N'000	Share Premium N'000	Retained Earnings N'000	Other Reserves N'000	Total N'000
Year ended 31 December 2021					
Balance as at 1 January 2021	**500,000**	**1,173,528**	**29,518,014**	**(140,088)**	**31,051,454**
Adjustment	-	-	-	-	-
Adjusted opening balance	500,000	1,173,528	29,518,014	(140,088)	31,051,454
Profit for the year	-	-	19,821,497	-	19,821,497
Net remeasurement gain on defined benefit plan	-	-	-	145,463	145,463
Total comprehensive income	-	-	**19,821,497**	**145,463**	**19,966,960**
Status bar dividend			5,075		5,075
Dividend declared	-	-	(3,000,000)	-	(3,000,000)
Balance as at 31 December 2021	**500,000**	**1,173,528**	**46,344,585**	**5,375**	**48,023,488**
Year ended 31 December 2020					
Balance as at 1 January 2020	500,000	1,173,528	26,256,085	(41,737)	27,887,876
Profit for the year	-	-	5,261,929	-	5,261,929
Net remeasurement loss on defined benefit plan				(98,351)	(98,351)
Total Comprehensive Income	-	-	**5,261,929**	**(98,351)**	**5,163,578**
Dividend declared	-	-	(2,000,000)		(2,000,000)
Balance as at 31 December 2020	**500,000**	**1,173,528**	**29,518,014**	**(140,088)**	**31,051,454**

The accompanying notes form an integral part of these financial statements

Statements of cash flows

		Group		Company	
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Cash flows from operating activities	Note	N'000	N'000	N'000	N'000
Cash flows from operating activities					
Profit for the year		19,319,953	-	19,821,497	5,261,929
Adjustments for:					
(Gain) / loss on sale of property plant and equipment	11	4,942	-	4,942	83,945
Loss on sales of palm seedlings	11	742,696	-	742,696	611,172
Tax expense	15	7,058,317	-	7,058,317	3,428,422
Gain on biological asset valuation	17	(6,962,382)	-	(5,846,447)	(1,845,367)
Depreciation of property plant and equipment	18.1	2,618,307	-	2,392,664	1,759,029
Depreciation of Right-of-use assets	19	39,123	-	23,390	23,390
Amortization of intangible assets	16	29,561	-	466	47
Recognition of government grant on additional loan	29	(303,785)	-	(303,785)	(205,006)
Finance cost	12	2,579,982	-	1,772,336	1,918,292
Finance income	13	(18,184)	-	(18,184)	(58,858)
Service cost	26	157,726	-	96,078	61,174
Actuarial loss on long service award	26	(7,647)	-	(7,647)	6,592
Bad debt written off		4,094		4,094	-
Expected Credit Loss Allowance/(Write-back)	9	121,335	-	(3,839)	(37,258)
		25,384,039	-	**25,736,578**	**11,007,503**
Movement in working capital:					
Increase in trade and other receivable	41	(177,450)	-	(2,546,388)	(93,095)
Decrease/(increase) in inventories	41	415,672	-	(370,413)	(259,022)
(Decrease)/increase in trade and other payable	41	(5,786,953)	-	(4,807,613)	3,281,686
Increase/(decrease) in deferred income from advances from customers	41	852,522	-	852,522	(4,934)
Strategic spares transferred into inventory		-	-	-	66,719
Cash generated from operating activities		20,687,830	-	18,864,686	13,998,857
Benefits paid	26	(91,393)	-	(67,152)	(50,236)
Tax paid	31	(520,364)	-	(520,364)	(2,049,240)
Net cash generated from operating activities		**20,076,073**	-	**18,277,170**	**11,899,381**
Investing activities					
Acquisition of property, plant and equipment	18.2	(5,388,122)	-	(5,192,799)	(7,382,775)
Acquisition of Intangibles	16	(16,801)	-	(16,801)	-
Acquisition of Subsidiary - Net Cash	21.6	(5,479,224)	-	-	-
Investment in Subsidiary		-	-	(3,008,573)	-
Proceeds from sale of property, plant and equipment		5,831	-	5,831	12,813
Proceeds from sale of palm seedling		359,189	-	359,189	951,390
Interest received	13	18,184	-	18,184	58,858
Net cash used in investing activities		**(10,500,943)**		**(7,834,969)**	**(6,359,714)**
Financing activities					
Interest paid	27	(1,448,649)	-	(1,366,651)	(1,569,177)
Loan received during the year	27	24,164,808	-	24,164,808	4,527,101
Repayment during the year	27	(8,924,522)	-	(6,292,766)	(9,130,665)
Dividend paid during the year	32.4b	(3,000,000)	-	(3,000,000)	(2,000,000)
Status bar Dividend	32.4b	5,076	-	5,076	-
Unclaimed dividend invested	32.4b	(256,774)	-	(256,774)	-
Unclaimed dividend received from Registrars	32.4b	430,734	-	430,734	51,069
Repayment of lease liabilities	30.3	(57,403)	-	(38,850)	(38,850)
Net cash generated from financing activities		**10,913,270**	-	**13,645,577**	**(8,160,522)**
Net Decrease/Increase in Cash and cash equivalents		**20,488,400**	-	**24,087,778**	**(2,620,855)**
Cash and cash equivalents as at beginning of year		**(3,779,062)**		**(3,779,062)**	**(1,158,300)**
Cash and Cash Equivalents at end of year	24	**16,709,338**	-	**20,308,716**	**(3,779,062)**

The accompanying notes form an integral part of these financial statements

Notes to the financial statements

1 General information

Presco Plc was incorporated in Nigeria on 24th September, 1991 as Presco Industries Limited, a private limited liability Company, and became a public limited liability Company in February, 2002.

The Company owns oil palm plantations, a palm oil mill and palm kernel crushing plant, vegetable oil refining and fractionation plants and is at present the only fully integrated Company of its kind in Nigeria.

The Obaretin Estate was initiated by the then Bendel State Government in the second half of the seventies with financial support from World Bank as part of the State Government oil palm development programme. The implementing agency was the Oil Palm Company Limited (OPCL), a state government concern. In 1985, the Bendel State Government relinquished control of Obaretin Estate to President Industries Nigeria Limited, a textile manufacturing group. Planting activities resumed in 1986 and construction of an integrated processing facility began in 1989.

The President group operated the project, then known as Presco Oil Mill and Plantations, as a division until 1991, when Presco was established as an incorporated Company and all the assets and liabilities of the project were transferred to the new Company.

Societe d'Investissement pour l'Agriculture Tropicale ('SIAT sa'), a Belgian Company involved in plantation investment and management in West Africa was invited to participate in the Company as Shareholders and Technical Partners in order to effect an intended broadening of the Company's capital base by bringing in professional managers as shareholders as well as the Ultimate Holding Company.

President Industries then held 67% of Presco's paid-up share capital of N50,000,000 comprising 50 million ordinary shares of N1 each. Siatsa of Belgium held the balance of 33%. Following a capitalization exercise in 1995, the Siat group increased its shareholding in Presco to 50%. The Siat Group subsequently became the only shareholder in December 1997 when the President Group divested its interest in the Company.

In 2002, the Company became a public limited liability Company and with a successful Initial Public Offer (IPO) completed in October the same year, Presco shares were admitted to quotation at The Nigerian Stock Exchange. Presco Plc's shares are now actively traded on The Nigerian Stock Exchange, with the Siat Group holding 60% while the Nigerian Public holds 40%.

On re-registration as Public Company in 2002, the authorized share capital of the Company was raised to N250,000,000 divided into 500,000,000 ordinary shares of 50k each. The authorized share capital was raised to N500,000,000 in 2008 divided into 1,000,000,000 ordinary shares of 50k each, issued and fully paid up. The company also increased its authorized share capital in 2014 to N550,000,000 divided into 1,100,000,000 ordinary shares of 50 kobo each with 1,000,000,000 issued and fully paid. There are currently 9,194 shareholders on the Company's register of shareholders.

The Company in 2021 acquired 100% interest in Siat Nigeria Limited.

1.1 Principal activities

Presco Plc specializes in the cultivation of oil palms and in the extraction, refining and fractioning of crude palm oil into vegetable oil and palm stearin. The Company produces these specialty fats and oils to the high quality specifications of its customers and assures a reliability of supply of its products all year round, due to the integration of the entire cycle. The Company operates from two States, Obaretin Estate, Ologbo Estate and Sakponba Estate in Edo State and Cowan Estate in Delta State.

The Company made 100% acquisition in Siat Nigeria Limited (SNL) as a strategy to increase shareholders value.

Notes to the financial statements

2.1 Basis of preparation

The financial statements of the group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by Financial Reporting Council (FRC) of Nigeria. The functional currency used for the preparation of this financial statements is Nigerian Naira (NGN).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumption and estimates are significant to the financial statements are disclosed in note 3.

2.1.1 Basis of consolidation

The Group's financial statements consolidate those of the parent company and of its subsidiary as of 31 December 2021. The Company acquired 100% interest in Siat Nigeria Limited and thus is presenting consolidated financial statements for the first time. The subsidiary has a reporting date of 31 December.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a Group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.
Profit or loss and other comprehensive income of subsidiary acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

The Group attributes total comprehensive income or loss of subsidiary between the owners of the parent and the non-controlling interests based on their respective ownership interests.

2.1.2 Business combinations

The Group applies the acquisition under common controls method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date carrying amount of assets transferred, liabilities incurred, and the equity interests issued by the Group, which includes the carrying amount of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date carrying amount. The income statement of SNL is consolidated from 31 October 2021 when Company took over the control of the subsidiary.

2.1.3 Acquisition of entities under common control

Business combinations arising from transfers of interests in entities that were under the control of the shareholder that controls the Group are accounted for prospectively as at the date that transfer of interest was effected. The assets and liabilities acquired are recognized at the carrying amounts recognized previously in the Group controlling shareholder's consolidated financial statements. The difference between the consideration paid and the net assets acquired is accounted for directly in equity.

2.1.4 Going concern

The financial statements have been prepared on a going concern basis. The directors have no doubt that the Group would remain in existence after 12 months from the date of this financial statements.

2.1.5 Changes in accounting policy and disclosures

2.1.5.1 New standards and interpretations adopted

Amendments to IFRSs that are mandatorily effective for periods beginning on or after 1 January 2021

The IASB has issued a number of new IFRSs and amendments thereto that are first effective for the current accounting period of the company as detailed below:

Notes to the financial statements

2.1.5.1 New standards and interpretations adopted (cont'd)

i **Amendments to IFRS 16 - Covid-19-Related Rent Concessions beyond 30 June 2021**
The Board amended the conditions of the practical expedient in IFRS 16 that provides relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the Covid-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

Following the amendment, the practical expedient now applies to rent concessions for hitch any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.

The amendments, where they actually are updates, are effective for annual periods beginning on or after 1 January 2021, with early application permitted.

The amendment has no impact on the Company's financial statements.

ii **Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 - Relating to Interest Rate Benchmark Reform (Phase 2 amendments).**
The amendment provides targeted reliefs from (i) accounting for changes in the basis for determining contractual cash flows of financial assets, financial liabilities and lease liabilities as modifications, and (ii) discontinuing hedge accounting when an interest rate benchmark is replaced by an alternative benchmark rate as a result of the interbank offered rates (""IBOR reform"").

These amendments apply from 1 January 2021 with early adoption permitted.

The amendments do not have impact on these financial statements as the Company does not have contracts that are indexed to benchmark interest rates which are subject to the IBOR reform.

2.2 Accounting standards and interpretations issued but not yet effective
At the date of authorisation of these financial statements, the company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective

IFRS 17: Insurance Contracts
IFRS 10 and IAS 28 (amendments): Sale or Contribution of Assets between an investor and its Associates or Joint Venture

Amendments to IFRS 1: Classification of Liabilities as Current or Non-current

Amendments to IFRS 3: Reference to the Conceptual Framework
Amendments to IAS 16: Property, plant and equipment -Proceeds before intended use

Amendments to IAS 37: Onerous contracts -Cost of fulfilling a contract

Amendments to IAS 12- Deferred Tax related to assets and liabilities arising from single transaction

Annual improvements to IFRS Standards 2018-2020 Cycle: Amendments to IFRS 1 First-Time Adoption of International Financial Reporting Standards, IFRS 9 Financial instruments, IFRS 16 Leases, and IAS 41 Agriculture

Amendments to IAS 8- Definition of Accounting Estimates

Amendments to IAS 1 and IFRS Practice 2- Disclosure of Accounting Policies

Notes to the financial statements

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

IFRS 17 Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes IFRS 4 Insurance Contracts. IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach. The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach. The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees. The Standard is effective for annual reporting periods beginning on or after 1 January 2021, with early application permitted. It is applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied. An exposure draft Amendments to IFRS 17 addresses concerns and implementation challenges that were identified after IFRS 17 was published. One of the main changes proposed is the deferral of the date of initial application of IFRS 17 by one year to annual periods beginning on or after 1 January 2022. For the purpose of the transition requirements, the date of initial application is the start of the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.	The directors of the Group do not anticipate that the application of the Standard in the future will have an impact on the Group's financial statements as the entity does not have insurance contracts in its books.
IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate orJoint Venture	The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.The effective date of the amendments has yet to be set by the IASB; however, earlier application of the amendments is permitted.	The directors of the Group do not anticipate that the application of the Standard in the future will have an impact on the Group's financial statements.

Notes to the financial statements

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

Amendments to IFRS 3 : Reference to the Conceptual Framework.	The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.	The directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Company's financial statements.
Amendment to IFRS 1 - Classification of Liabilities as Current or Non-current	The amendments to IAS 1 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classifications is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of settlement to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.. The amendments are applied retrospectively for annuals periods beginning on or after 1 January 2023, with early application permitted.	The directors of the Group do not anticipate that the application of the Standard in the future will have an impact on the Group's financial statements.

Notes to the financial statements

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

Amendment to IFRS 3 - Reference to the Conceptual Framework	The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add a n explicit statement that an acquirer does not recognise contingent assets acquired in a business combination. The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.	The directors of the Group do not anticipate that the application of the Standard in the future will have an impact on the Group's financial statements.
Amendment to IAS 16 - Property, plant and Equipment- Proceeds before intended Use	The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e., proceeds while turning the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories. The amendments also clarify the meaning of testing whether an asset is functioning properly "IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others or for administrative purposes. If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost. The amendments are applied retrospectively, but only to items of expert, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect if initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are effective for annual beginning on or after 1 January 2022, with early application permitted.	The directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Company's financial statements.

Notes to the financial statements

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

Amendment to IAS 37 - Onerous Contracts - Cost of fulfilling a Contract	The amendments specify that the cost of fulfilling a contract comprises the cost that relate directly to the contract. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment's used in fulfilling the contract). The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are but restated instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity as appropriate, at the date of initial application. The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.	The directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Company's financial statements.
IAS 12 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The amendments clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognised in the financial statements (and interest expense) or to the related asset component (and interest expense). This judgement is important in determining whether any temporary differences exist on initial recognition of the asset and liability. Under the amendments, the initial recognition exception does not apply to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. It only applies if the recognition of lease asset and lease liability (or decommissioning liability and decommissioning asset component) give rise to taxable and deductible temporary differences that are not equal. Nevertheless, it is possible that the resulting deferred tax assets and liabilities are not equal (e.g., if the entity is unable to benefit from the tax deductions or if different tax rates apply to the taxable and deductible temporary differences). In such cases, which the Board expects to occur infrequently, an entity would need to account for the difference between the deferred tax asset and liability in profit or loss.	The directors of the Company have noted the amendments and will be applied as and when due, if necessary

Notes to the financial statements

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

Annual Improvements to IFRS Standards 2018-2020 Cycle *Amendment to IFRS 1, First-time adoption of international financial reporting standards *Amendments to IFRS 9 Financial Instruments *Amendments to Illustrative examples accompanying IFRS 16, Leases *Amendment to IAS 41 Agriculture	The annual improvement include amendments to four standards. IFRS 1 First time adoption of International Financial Reporting Standards The amendment provides additional relief to a subsidiary which becomes a first tine adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1.D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of transition to IFRS standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1 D16(a). The amendment is effective for annual periods beginning on or after 1 January 2022 with early application permitted. IFRS 9 Financial Instruments The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender including fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment. The amendments is applied prospectively to modifications and exchanges that occur on or after the date the entry first applies the amendment. The amendment is effective for annual [periods beginning on or after 1 January 2022, with early application permitted. IFRS 16 Leases The amendment removes the illustration of the reimbursing of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated, IAS 41 Agriculture The amendment removes the requirement in IAS 41 for entities to exclude cash flows or taxation when measuring fair value. This aligns the fair value measurement in IAS 41 with the requirements of IFRS 13 Fair value measurement to use internally consistent cash flows and discount rates ad enables preparers to determine whether to use pro tax or post tax cash flows and discount rates for the most appropriate fair clue measurement. The amendment is applied prospectively. i.e., for fair value measurements on or after the date an entity initially applies the amendment. The amendment is effective for annual periods beginning on or after 1 January 2022 with early application permitted.	The directors of the Company have noted the amendments and will be applied as and when due, if necessary

Notes to the financial statements

2.2 Accounting standards and interpretations issued but not yet effective (cont'd)

IFRS 8 - Definition of Accounting Estimates	The amended standard clarifies that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors. The previous definition of a change in accounting estimate specified that changes in accounting estimates may result from new information or new developments. Therefore, such changes are not corrections of errors. This aspect of the definition was retained by the Company.	The directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Company's financial statements.
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	In February 2021, the Board issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgement (the PS), in which it provides guidance and examples to help entities apply materiality judgments to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by: - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies AND - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosure. 398:410	The directors of the Company do not anticipate that the application of the Standard in the future will have an impact on the Company's financial statements.

3 Significant Accounting Policies

a Statement of compliance

The financial statements for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the IASB (and adopted by FRC). Additional information required by national regulations is included where appropriate.

b Functional and presentation currency

(i) Presentation currency

These Financial Statements are presented in Nigeria Naira.

(ii) Functional and presentation currency

These Financial Statements are presented, as stated above, which is the Group's functional currency. Except otherwise indicated, financial information presented in Nigeria Naira has been rounded to the nearest thousand.

c Basis of preparation and measurement

The principal accounting policies applied in the preparation of the financial statements are set out below.

The financial statements have been prepared on the basis of the historical cost price method except for biological assets stated at fair value. Any exceptions to the historical cost price method are disclosed in the valuation rules described hereafter.

d Revenue

The Group manufactures and produces Oil Palm products and recognizes revenue from the sale of these products which include RBDO, PFAD, Palm Olein, Palm Stearin, CPKO, RPKO amongst others.

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.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

d Revenue (cont'd)

Sale of goods
For sales of consumer 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 company. Payment of the transaction price is due immediately at the point the customer purchases the goods.

The Company has no variable consideration from its contracts with its customers as the contract consideration is pre-determined with the customers.

Customers' Advance payment: customers can pay for goods and services in advance. Any payment made and goods were not supplied at the year end, such fund is recognised as liabilities.

e Foreign currencies

Functional and presentation currency
Items included in the financial statements of the company is measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in 'Nigerian Naira' (N).

Transactions and balances
In preparing the financial statements of the group, 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.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

e Foreign currencies (cont'd)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented separately in the income statement where material.

f Finance income and expense

Finance income and expense are recognised in the income statement in the period in which they are earned or incurred.

Interest income and expense are recognised using the effective interest method.

i 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.

Expenditure on research activities relating to genetic plants is recognised as an expense in the period in which 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 have been demonstrated: "

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Brand names and customer lists

Brand names and customer lists acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values."

Internally developed software

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.

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.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

j Biological Assets

Produce growing on bearer plants

Produce growing on bearer plants are measured at fair value less costs to sell. Any gains or losses arising from changes in the fair value less costs to sell of produce growing on bearer plants are recognised in profit or loss.

For the purpose of determining the fair value of Presco's biological asset by management, the discounted cash flow approach ("DCF") has been adopted as the primary valuation methodology. The DCF approach is a generally accepted valuation approach and requires the valuer to estimate the relevant cash flows from the produce growing on the bearer plants and discount these cash flows by the required discount rate in order to arrive at an appropriate asset value.

k Property, Plant & Equipment

Items of property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated in the statement of financial position at their cost, less accumulated depreciation and accumulated impairment losses.

Historical cost includes purchase costs, expenditure that is directly attributable to the acquisition of the items and the estimate of the cost of decommissioning (dismantling, removing the asset and restoring the site).

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

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method. Land has an unlimited useful life and as such is not depreciated. 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.

Unless revised due to specific changes in the estimated useful life, annual depreciation rates are as follows:

Freehold Land	Nil
Leasehold land: Over the lease period other land related expenditure	20 Years
Building	30 Years
Processing equipment	10-20 Years
Heavy duty equipment	10-20 Years
Furnitures, fixtures and fittings	3 -10 Years
Utilities	10 Years
Vehicles, wheels & tractors	5-10 Years
Bearer plant	25 Years
Rubber budwood	30 Years
Work-In-Progress	Nil
Spare parts (Strategic Spares)	Nil

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

k Property, Plant & Equipment (cont'd)

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.

Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants that are available for use are measured at cost less accumulated depreciation and any accumulated impairment losses. Cost includes plantation expenditure, which represents the total cost incurred from land clearing to the point of harvesting. Bearer plants have an average life cycle of twenty-eight years with the first three (3) years as immature bearer plants and the remaining years as mature bearer plants.

The mature bearer plants are depreciated over its remaining useful lives of twenty-five (25) years on a straight-line basis. The immature bearer plants, included as work-in-progress, are not depreciated until such time when it is available for use.

l Leases

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

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

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

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Company as lessee

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

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

l Leases (cont'd)

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 company uses its incremental borrowing rate.

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

Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;

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 lessee under residual value guarantees

The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in 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 the lease payments made.

The company 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 Company made such adjustments during the course of the financial year. The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

I Leases (cont'd)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are not presented as a separate line in the statement of financial position but are however included as part of the company's property, plant & equipment as Leasehold land.

The company 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.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The company has not used this practical expedient. For a contract that contain a lease component and one or more additional lease or non-lease components, the company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company as lessor
Leases for which the company 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.

When the Company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head 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 company'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 company's net investment outstanding in respect of the leases.

When a contract includes both lease and non-lease components, the company applies IFRS 15 to allocate the consideration under the contract to each component.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

m Impairment of tangible and intangible assets excluding goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

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

n Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value through profit or loss and fair value through other comprehensive income, depending on the classification of the financial assets.

3 Significant Accounting Policies (cont'd)

n Financial Instruments (cont'd)

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and

the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

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

the company 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 company 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.

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

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

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

n Financial Instruments (cont'd)

i Amortised cost and effective interest method (cont'd)

instruments measured subsequently at amortised cost and at FVTOCI.
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. 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 Company 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
Debt instruments classified as at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, changes in the carrying amount of these debt instruments classified as FVTOCI as a result of foreign exchange gains and losses, impairment gains or losses, 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 debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments classified as FVTOCI are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When these debt instruments 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 Company 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
on initial recognition it is part of a portfolio of identified financial instruments that the company 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.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

n Financial Instruments (cont'd)

iii Equity instruments designated as at FVTOCI (cont'd)

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised 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.

The Company 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 company 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 Company 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 or 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 Company's accounting policies.

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;

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

n Financial Instruments (cont'd)

iv Financial assets at FVTPL (cont'd)

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.

Impairment of financial assets
The company recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. "

The company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12 month ECL

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

i Significant increase in credit risk
In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward looking information considered includes the future prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

n Financial Instruments (cont'd)

i Significant increase in credit risk (cont'd)

significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g., a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;

existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

an actual or expected significant deterioration in the operating results of the debtor;

significant increases in credit risk on other financial instruments of the same debtor; and

an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the company has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

the financial instrument has a low risk of default;

the debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations."

The company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the company considers the changes in the risk that the specified debtor will default on the contract.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

3 Significant Accounting Policies (cont'd)

n Financial Instruments (cont'd)

ii Definition of default

The company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

when there is a breach of financial covenants by the debtor; or

information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, in full (without taking into account any collateral held by the company).

Irrespective of the above analysis, the company considers that default has occurred when a financial asset is more than 365 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

iii Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.
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iv Write-off policy

The company writes off a financial asset 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, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

v Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

n Financial Instruments (cont'd)

v Measurement and recognition of expected credit losses (cont'd)

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16.

For a financial guarantee contract, as the company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the company expects to receive from the holder, the debtor or any other party.

If the company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which the simplified approach was used.

The company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets
The company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in an equity instrument which the company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

n Financial Instruments (cont'd)

v Measurement and recognition of expected credit losses (cont'd)

Financial liabilities and equity

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

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

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

Compound instruments
The component parts of convertible loan notes issued by the company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to share premium or other component of equity. Where the conversion option remains unexercised at the maturity date of the convertible loan note, the balance recognised in equity will be transferred to retained profits or other component of equity. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible loan notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible loan notes using the effective interest method.

Financial liabilities
All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

3 Significant Accounting Policies (cont'd)

n Financial Instruments (cont'd)

v Measurement and recognition of expected credit losses (cont'd)

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the company, are measured in accordance with the specific accounting policies set out below:

Financial liabilities at FVTPL
Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination, (ii) held for trading or (iii) designated as at FVTPL.

A financial liability is classified as held for trading if:
- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has 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.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL. "

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item (note 11) in profit or loss.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

n Financial Instruments (cont'd)

v Measurement and recognition of expected credit losses (cont'd)

Gains or losses on financial guarantee contracts issued by the company that are designated by the company as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost
Financial liabilities that are not :
(i) contingent consideration of an acquirer in a business combination,
(ii) held for trading, or
(iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

Financial guarantee contract liabilities
A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as at FVTPL and do not arise from a transfer of an asset, are measured subsequently at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9 (see financial assets above); and
- the amount recognised initially less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

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

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

Trade payables
Trade payables are not interest bearing and are stated at fair value and subsequently measured at amortised cost.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

n Financial Instruments (cont'd)

v Measurement and recognition of expected credit losses (cont'd)

Loans and borrowings
Interest-bearing bank loans and overdrafts are initially recorded at fair value, net of direct issue costs, and are subsequently measured at amortised cost. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis through the Income Statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the year in which they arise.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss (note 11) for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk, foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

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

When the company 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 company 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. "

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

o Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bring them to their existing location and condition.

Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. The basis of costing is as follows:

Supplies (Spares)	purchase cost on a weighted average basis including transportation and applicable clearing charges
Finished Goods	the stock of finished products (including biological assets after harvest) are valued by adding the total cost to produce the goods.
Goods in Transit	purchase cost incurred to date

Inventories are written down on a case-by-case basis if the estimated net realizable value declines below the carrying amount of the inventories. Net realizable value is the estimated selling price less the estimated costs necessary to make the sale. When the reason for a write-down of the inventories has ceased to exist, the write-down is reversed.

p Cash and Cash Equivalent

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less.

For the purpose of the statements of cash flows, cash and cash equivalents includes cash on hand and deposits held at call or short term maturity with banks (three months or less), net of bank overdrafts. Bank overdrafts, if any, are shown within current liabilities on the balance sheet. "

q Shareholders' Equity

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

Where the Company purchases the Company's, equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects is included in equity attributable to the Company's equity holders.

r Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

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

3 Significant Accounting Policies (cont'd)

s 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. In respect of interim dividends these are recognised once paid. Dividends which remained 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 Companies and Allied Matters Act of Nigeria are written back to retained earnings.

t Derivative financial instruments

The company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, deposits for import etc.

Derivatives are recognised initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date less impairment losses. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value recognised as a financial liability. Derivatives are not offset in the financial statements unless the company has both legally enforceable right and intention to offset.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

u Retirement benefits and other long term employees' benefits

Employee benefits mainly concern:

- retirement benefits: pension plans, termination benefits, other retirement obligations and supplemental benefits;
- other long-term employee benefits: long-service benefits granted to employees according to their seniority in the company;
- other employee benefits: post-employment medical care.

Defined contribution scheme

The company operates a defined contribution plan. The defined contribution plan pays a fixed contribution into a separate entity.

In line with the provisions of the Pension Reform Act 2014, the Company has instituted a defined contribution pension scheme for its staff. Employee contributions to the scheme are funded through payroll deductions while the Company's contribution is charged to profit or loss. The Company contributes 10% and employees contribute 8% of their insurable earnings (basic, housing and transport allowances) each to the scheme.

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 employees service in the current year.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

u Retirement benefits and other long term employees' benefits (cont'd)

Defined benefit scheme
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 reporting period. Remeasurement, comprising actuarial gains and losses is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. "

Defined benefit costs are categorised as follows:
- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The retirement benefit obligation recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Termination benefits
Termination benefits are recognised as an expense when the Company is committed demonstrably, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value. "

Short-term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

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

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

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

v Government Grants (cont'd)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company 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.

w Current and deferred income tax

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

Current tax

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the income statement 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 company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

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 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 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 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 except where the company 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.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

v Government Grants (cont'd)

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

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 company intends to settle its current tax 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.

x Borrowing costs
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.

y Earnings per share (EPS)
The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

z Related parties
Related parties include its parent 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 Company 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.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the company's accounting policies

The following are the critical judgements and estimates that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

(i) Biological assets

Fair value of the produce is measured with reference to the price in an active market at the point of harvest adjusted for its present location and condition. For the purpose of determining the fair value of Presco's biological asset, management adopted the discounted cash flow approach (multi-period earning) as the primary valuation methodology. The multi-period earning approach is a generally accepted valuation approach and requires the valuer to estimate the relevant cash flows and discount these cash flows by the required discount rate in order to arrive at an appropriate asset value.

The relevant cash flow calculation includes: Cash-in/revenue: This includes the expected yield from each plantation estate taking into consideration the expected extraction rate and purchase price. The cash-in/revenue cash flows were based on the forecast extraction rate for Presco Plc, the forecast production and the respective sales price for each forecast year.

Cash-out/costs: The upkeep costs, harvesting/collection costs, overheads and factory costs have been included as part of the cash-out costs.

Cash-out costs were computed thus:

- Upkeep cost was forecasted based on the historical average cost per mature hectares and increased at the forecast inflation rate per annum.
- Harvesting/collection cost was based on the historical average collection cost per fresh fruit bunch (FFB) and increased at the forecast inflation rate per annum.

In estimating the net cashflows, management considered cashflows which were derived by estimating the expected yield from each plantation estate taking into consideration expected extraction rate and purchase price. The extraction rate was adopted based on management's judgement while the purchase price is based on observable selling price per tone.

The forecast growth rate was based on management's expectation and experience. Estimated cash flows derived was based on upkeep cost, harvesting/collection cost, and Agric overhead cost. The net cash flow derived was discounted by the weighted average cost of capital (WACC) which reflects market participant's view.

In arriving at the reported fair value, management estimated the cost of disposing off the biological asset (incremental costs to take the asset to market, cost of engaging professionals to assist with the disposal process, and other transaction costs as management deemed necessary) and deducted these estimated costs from the fair value to arrive at the fair value less cost to sell.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

(ii) Useful lives of property, plant and equipment

Property plant and equipment represent a significant proportion of the asset base of the Company. Therefore, the estimates and assumptions made to determine their carrying value and related depreciation are critical to the Company's financial position and performance.

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in the reduced depreciation charge in the statement of comprehensive income.

(iii) Provision for defined benefit obligation

The Company operates an unfunded defined benefit scheme. IAS 19 requires the application of the Projected Unit Credit Method for actuarial valuations. Actuarial measurements involve the making of several demographic projections regarding mortality, rates of employee turnover etc. and financial projections in the area of future salaries and benefit levels, discount rate, inflation etc.

(iv) Taxation

The Group's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose treatment cannot be finally determined until resolution has been reached with the relevant tax authority. Under the Nigerian tax system, self-assessment returns are subjected to a desk review for the determination of tax due for remittance in the relevant year of assessment. This is however not conclusive as field audits are carried out within six years of the end of the relevant year of assessment to determine the adequacy or otherwise of sums remitted under self-assessment thus making tax positions uncertain.

(v) Valuation of financial liabilities

As at the end of the reporting period, the Company had in its books some government assisted loans at below market rates. In accordance with IAS 20, the government grant which is the difference between the proceeds of the loans and their fair value should be accounted for. Based on IFRS 9, all financial liabilities should be initially recognized at fair value. In computing the fair value of these loans, the imputed interest rate used in discounting the cashflows associated with the loans is based on management judgement of best estimate of its borrowing cost at the time the loans were granted.

(vi) Calculation of loss allowance

The company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the company's historical observed default rates. The company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Notes to the financial statements

3 Significant Accounting Policies (cont'd)

(vi) Calculation of loss allowance

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

4 Capital management

The Group manages its capital to ensure that it will be able to continue as going concern while maximising the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remained unchanged.

The capital structure of the Group consists of Net debt (bank overdrafts, short and long term bank loans, less cash and bank balances) excluding derivatives and financial guarantee contract and the equity of the Group comprising issued capital, reserves, retained earnings as disclosed in the statement of financial position).

The Group's risk management committee reviews the capital structure of the Group on a frequent basis. As part of this review, the committee considers the cost of capital and the risks associated with each class of capital. Based on the committee's recommendations, the Group expects to maintain its current gearing ratio unchanged.

	Group		Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Gearing ratio	**N'000**	**N'000**	**N'000**	**N'000**
The gearing ratio at the year-end is as follows:				
Debt	57,619,259	-	33,396,521	19,599,616
Cash and bank balances (Note 24)	(23,269,420)	-	(22,253,957)	(2,585,092)
Net debt	**34,349,839**	-	**11,142,564**	**17,014,524**
Equity	29,781,284	-	48,023,488	31,051,454
Net debt to equity ratio	**115%**	-	**23%**	**54%**

The group's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets.

5 Financial Instruments

All the group's financial assets and liabilities are measured at amortised cost and due to the short term nature of these financial instruments, the fair value reasonably approximates the carrying value in the statement of financial position

5.1 Categories of financial instruments

	Group		Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
Financial assets	N'000	N'000	N'000	N'000
Cash and bank balances (Note 24)	23,269,420	-	22,253,957	2,585,092
Trade and other receivables (Note 23)	7,847,605	-	8,471,772	6,192,323
	31,117,025	-	30,725,729	8,777,415
Financial liabilities				
Amortized cost:				
Borrowings	51,964,000	-	31,451,280	13,235,461
Overdrafts	5,655,259	-	1,945,241	6,364,154
Trade and other payables	32,040,269	-	26,747,965	11,541,335
Lease liabilities	2,565,236	-	220,033	220,035
	92,224,763	-	60,364,518	31,360,985

5.2 Financial Risk Management

Risk Management is essential to help ensure business sustainability thereby providing customers and the shareholders with a long-term value proposition.

Key elements of risk management are:

- Strong corporate governance including relevant and reliable management information and internal control processes;
- Ensuring significant and relevant skills and services are available consistently to the Company; - Influencing the business and environment by being active participants in the relevant regulatory and business forums; and
- Keeping abreast of technology and consumer trends and investing capital and resources where required.

The company's operations expose it to a variety of financial risks that include the effects of changes in foreign exchange rates, credit risk, liquidity risk and interest rates.

The overall Company focus within an appropriate risk framework is to give value to the customers through effective and efficient execution of transactions. The board of directors acknowledges its responsibility for establishing, monitoring and communicating appropriate risk and control policies.

The Company monitors and manages financial risks relating to its operations through internal risk report which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls and to monitor the risks and limits continually by means of reliable and up-to-date systems. The Company modifies and enhances its risk management policies and systems to reflect changes in markets and products. The Audit Committee, under authority delegated by the Board, formulates the high-level Company risk management policy, monitors risk and receives reports that allow it to review the effectiveness of the Company's risk management policies.

The Company's Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to both senior Management and the Audit Committee.

Notes to the financial statements

5.2.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as interest rate, exchange rates and other prices.

The Group's activities expose it primarily to financial risks of changes in foreign currency exchange rates and interest rates. Market risks exposures are measured using sensitivity analysis.

5.2.1.1 Foreign currency risk management

The Group's activities expose it to the financial risks of changes in foreign currency exchange rates. The company manages foreign exchange risk through foreign exchange forward contracts.

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. The Group are mainly exposed to USD and EUR.

The carrying amounts of the company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Assets		Liabilities	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N'000	N'000	N'000	N'000
USD	10,526,724	283,119	8,595,276	121,198
EUR	9,640	2,629,071	3,909	6,793,670
GBP	3,024	3,024	-	-

The following exchange rates were applied during the year ended 31 December 2021:

	31 Dec. 2021		31 Dec. 2020	
	Average Rate	Year End Spot	Average Rate	Year End Spot
USD	456.59	496.68	406.00	423.56
EUR	541.37	562.54	454.64	519.74
GBP	630.73	669.45	498.25	578.14

The following table details the Group's sensitivity to a 15% (2020; 15%), increase and decrease in Naira against foreign currencies. Management believes that a 15% movement in either direction is reasonably possible at the balance sheet date. The sensitivity analyses below include outstanding balances of foreign currencies denominated assets and liabilities. A positive number indicates an increase in profit where Naira strengthens by 15% against the foreign currencies. For a 15% weakening of Naira against the foreign currencies there would be an equal and opposite impact on profit, and the balances below would be negative. The analysis assumes that all other variables remain constant.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

	31 Dec. 2021 Profit/(loss) after tax	31 Dec. 2020 Profit/(loss) after tax
	N'000	N'000
Naira strengthens by 15% against the USD	(6,635)	(1,580)
Naira strengthens by 15% against the EUR	(5,858)	(106,886)
Naira strengthens by 15% against the GBP	4,923	215
Naira weakens by 15% against the USD	10,317	1,580
Naira weakens by 15% against the EUR	9,109	106,886
Naira weakens by 15% against the GBP	7,654	(215)

Notes to the financial statements

5.2.1.1 Foreign currency risk management (cont'd)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

The foreign exchange risk is mainly from related parties payable and receivable balances with foreign related parties

5.2.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates

The Group is not exposed to interest rate risk because it borrows funds denominated only in Naira at a fixed interest rates. Therefore, no interest rate sensitivity analysis is required.

5.2.1.3 Price risk

The commodity risk arises from an entity's need to buy a specific quantity and quality of raw materials while equity price risk arises from changes in the market price of equity investments held by an entity.

The Group is not exposed to both commodity and equity price risk as it does not need to buy specific quantity and quality of raw materials nor it is affected by changes in the market price of equity investments. "

5.2.2 Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. The Group maintains a strong liquidity position and manages the liquidity profile of its assets, liabilities and commitments so that cash flows are appropriately balanced, and all funding obligations are met when due.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Notes to the financial statements

5.2.2 Liquidity risk management (cont'd)

The Group enjoys favourable 90 days of credit from its suppliers as against 30 days of credit it gives to its customers. Thus, the group is always at an advantage position to meet its obligations because funding is quickly available from credits extended to its customers than the timing it requires to settle its obligations.

5.2.2.1 Maturity analysis of financial liabilities

The following table details the Group's expected maturity for its non-derivative financial liabilities with agreed repayment periods. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

The Group	0-6 months	6-12 months	12-24 months	24 months and above	Total
	N'000	N'000	N'000	N'000	N'000
31 Dec. 2021					
Trade and other payables	15,545,957	16,494,313	-	-	32,040,270
Borrowings	26,733,744	2,806,532	12,738,259	9,685,465	51,964,000
Overdraft	1,169,057	4,486,201	-	-	5,655,258
Lease liabilities	814,109	814,109	408,752	528,267	2,565,237
Total financial liabilities	**44,262,867**	**24,601,155**	**13,147,011**	**10,213,732**	**92,224,765**
Cash and bank balances (Note 24)	23,269,420	-	-	-	23,269,420
Trade and other receivables (Note 23)	567,645	7,279,960	-	-	7,847,605
Total financial assets	**23,837,065**	**7,279,960**	-	-	**31,117,025**
Net policy holders' assets and liabilities	**20,425,802**	**17,321,195**	**13,147,011**	**10,213,732**	**61,107,734**

Notes to the financial statements

5.2.2.1 Maturity analysis of financial liabilities (cont'd)

The Company	0-6 months	6-12 months	12-24 months	24 months and above	Total
	N'000	N'000	N'000	N'000	N'000
31 Dec. 2021					
Trade and other payables	12,337,507	14,410,457	-	-	26,747,964
Borrowings	24,960,077	1,032,864	4,255,566	1,202,772	31,451,280
Overdraft	1,169,057	776,183	-	-	1,945,240
Lease liabilities	16,753	16,753	33,506	153,021	220,033
Total financial liabilities	**38,483,394**	**16,236,257**	**4,289,072**	**1,355,793**	**60,364,517**
Cash and bank balances (Note 24)	22,253,957	-	-	-	22,253,957
Trade and other receivables (Note 23)	567,001	7,904,771			8,471,772
Total financial assets	**22,820,958**	**7,904,771**	**-**	**-**	**30,725,729**
Net policyholders assets and liabilities	**15,662,436**	**8,331,486**	**4,289,072**	**1,355,793**	**29,638,787**
31 Dec. 2020					
Trade and other payables	5,930,550	5,583,985	-	-	11,514,535
Borrowings	3,563,268	2,862,005	4,235,429	2,574,760	13,235,461
Overdraft	3,250,000	3,114,154	-	-	6,364,154
Lease liabilities	16,753	16,753	33,506	153,023	220,035
	12,760,571	**11,576,897**	**4,268,935**	**2,727,783**	**31,334,185**
Cash and bank balances (Note 24)	2,585,092	-	-	-	2,585,092
Trade and other receivables (Note 23)	413,557	5,778,766	-	-	6,192,323
Total financial assets	**2,998,649**	**5,778,766**	**-**	**-**	**8,777,415**
Net policy holders' assets and liabilities	**9,761,922**	**5,798,131**	**4,268,935**	**2,727,783**	**22,556,770**

5.2.3 Credit risk management

In order to minimise credit risk, the Group has adopted a policy of only dealing with creditworthy counterparties, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposures to its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

5.2.3 Credit risk management (cont'd)

Before accepting any new customer, a dedicated team responsible for the determination of credit limits uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. The credit risk of customers is assessed by taking into account their financial positions, past experiences and other factors. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually. Equity price reviews of counterparties is done through the monitoring of the share price of the counterparties on the floor of the stock exchange.

Credit approvals and other monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. Furthermore, the Group reviews the recoverable amount of each trade debt and debt investment on an individual basis at the end of the reporting period to ensure that adequate loss allowance is made for irrecoverable amounts. In this regard, the directors of the Group consider that the group's credit risk is significantly reduced. Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, a guarantee for such receivables is obtained. The Group does not believe it is exposed to any material concentrations of credit risk because the counterparties deal with banks with high credit-ratings.

Overview of the Company's exposure to credit risk
Overview of the Company's exposure to credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. As at 31 December 2021, the group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the company due to failure to discharge an obligation by the counterparties arises from the carrying amount of the respective recognised financial assets as stated in the statement of financial position. The related loss allowance is disclosed in Note

The Group's current credit risk grading framework comprises the following categories:

Category	Description		Basis for recognising expected credit losses
Preforming	The counterparty has a low risk of default and does not have any past-due amounts		12-month ECL
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition		Lifetime ECL – not credit
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired		Lifetime ECL – credit-
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery		Amount is written off

The tables below details the credit quality of the company's financial asset as well as the company's maximum exposure to credit risk by credit risk rating grades:

For the Group

31 Dec. 2021	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount N'000	Loss allowance N'000	Net carrying amount N'000
Trade receivables		(i)	Lifetime ECL (simplified approach)	708,188	(134,924)	573,264
Intercompany receivables		Doubtful	Lifetime ECL - not credit impaired	7,003,808	-	7,003,808
Call deposits		Performing	12-month ECL	1,289,771	-	1,289,771
				9,001,767	**(134,924)**	**8,866,843**

Notes to the financial statements

5.2.3 Credit risk management (cont'd)

For the Company

31 Dec. 2021	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount N'000	Loss allowance N'000	Net carrying amount N'000
Trade receivables		(i)	Lifetime ECL (simplified approach)	586,210	(13,589)	572,621
Intercompany receivables		Doubtful	Lifetime ECL - not credit impaired	7,628,618	-	7,628,618
Call deposits		Performing	12-month ECL	412,253	-	412,253
				8,627,081	**(13,589)**	**8,613,492**

31 Dec. 2020	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount N'000	Loss allowance N'000	Net carrying amount N'000
Trade receivables		(i)	Lifetime ECL (simplified approach)	529,371	(30,908)	498,463
Intercompany receivables		Doubtful	Lifetime ECL - not credit impaired	5,693,859	-	5,693,859
Call deposits		Performing	12-month ECL	496,287	-	496,287
				6,719,517	**(30,908)**	**6,688,609**

(i) For trade receivables, the company has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix. Notes 23.1 includes further details on the loss allowance for this asset. All of the company's financial assets are carried at amortised cost. The maximum exposure to credit risk at the reporting date is the carrying value of the financial assets in the statement of financial position.

The Group does not hold any collateral or other credit enhancements to cover this credit risk.

5.2.4 Fair value of financial instruments

(a) Fair value of financial assets and financial liabilities that are measured at fair value on a recurring basis
The Group does not have financial assets and financial liabilities that are measured at fair value on a recurring basis.

(b) Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

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

Notes to the financial statements

6 Segment information

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 Chief Executive Officer.

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.

The Chief Executive Officer has determined that for the purposes of resource allocation and assessment of segment performance, the business and operating segments of the company is analysed based on the type of goods delivered by the company. Specifically, the company's reportable segments under IFRS 8 are local sales, related party sales and export sales.

The following is an analysis of the Company's revenue and results from operations by reportable segment.

The Group

	Segment Revenue		Segment Profit	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N'000	N'000	N'000	N'000
Local Sales	47,404,652	-	19,314,792	-
Export Sales	-	-	-	-
Related parties sales	21,783	-	-	-
	47,426,435	-	19,314,792	-

The Company

	Segment Revenue		Segment Profit	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N'000	N'000	N'000	N'000
Local Sales	47,090,662	23,524,522	19,816,335	10,398,481
Export Sales	-	-	-	-
Related parties sales	21,783	367,244	(8,073)	151,304.00
	47,112,445	23,891,766	19,808,262	10,549,785

Notes to the financial statements

7 Revenue

	Group		Company	
	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000
Revenue comprise:				
Sales of crude and refined products	47,401,583	-	47,087,593	23,520,992
Mill by-products	3,069	-	3,069	3,530
Sales of Fresh Fruit Bunches (FFB)	21,783	-	21,783	367,244
	47,426,435	**-**	**47,112,445**	**23,891,766**
Geographical Market				
Nigeria	47,426,435	-	47,112,445	23,891,766
	47,426,435	**-**	**47,112,445**	**23,891,766**
Timing of revenue recognition				
at a point in time	47,426,435	-	47,112,445	23,891,766
over time	-	-	-	-
	47,426,435	**-**	**47,112,445**	**23,891,766**

8 Cost of sales

	Group		Company	
	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000
Raw materials consumed	2,739,627	-	3,323,716	322,172
Upkeep of mature plantings, harvesting & laboratory expenses	4,687,760	-	4,370,513	1,726,964
Mill processing, refinery and packaging cots	5,515,941	-	5,145,690	3,997,793
Depreciation of property, plant and equipment	2,047,616	-	2,047,616	1,455,283
Depreciation of right-of-use assets	39,123	-	23,390	23,390
Repairs and maintenance	643,838	-	359,077	277,646
	15,673,905	**-**	**15,270,002**	**7,803,248**

Notes to the financial statements

	Group		Company	
	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000
9 Administrative expenses				
Clearing and handling	762,595	-	762,595	320,051
Office and housing expenses	181,262	-	173,128	161,213
Rent and rates	11,200	-	11,200	7,732
Repairs and maintenance	155,123	-	184,596	166,088
Gratuity expense (service cost)	97,298	-	96,078	28,938
Postage and telephone	33,949	-	19,401	17,777
Insurance	195,320	-	181,694	184,133
Legal and regulatory expenses	38,153	-	37,721	21,870
Audit fees	78,000	-	60,000	40,000
Professional and other consultancy fees	181,395	-	137,225	183,259
Donations	67,827	-	67,827	29,578
Subscription and licenses	105,082	-	89,261	42,486
Transport and travelling	2,093,649	-	1,994,355	2,018,261
Management fees (Note 14.1)	980,948	-	799,838	332,794
Security	284,110	-	261,218	186,538
Community development	47,060	-	47,060	51,071
Meeting, Entertainment and Corporate social responsibility (CSR)	119,928	-	116,248	87,392
Directors' fees	117,964	-	114,444	94,072
Staff costs	1,490,743	-	1,346,218	1,232,598
Depreciation of property, plant and equipment	570,692	-	344,449	303,747
Amortization of intangible assets	29,561	-	466	47
Bank charges	522,398	-	446,440	265,940
Actuarial loss/(gain) on long service award	7,647	-	7,647	6,592
Exchange losses	894,266	-	918,322	501,286
Expected Credit Loss Allowance	121,335	-	-	-
Fines and penalties	-	-	-	191
Other taxes	272,453		224,626	
Other expenses	21,764	-	18,611	531,634
	9,466,428	**-**	**8,445,374**	**6,815,194**

9.1 The external auditors did not provide any non-audit services for the Group and Company during the year.

	Group		Company	
	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000
10 Selling and distribution expenses				
Finished products (Road transport)	612,291	-	612,291	299,239
Selling expenses	135,434	-	38,111	19,125
	747,725	**-**	**650,402**	**318,364**

Notes to the financial statements

		The Group		The Company	
		31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000
11	**Other gains and losses**				
	Government grants	303,785	-	303,785	205,006
	Gain/ (loss) on disposal of fixed assets	4,942	-	4,942	(83,945)
	ECL impairment in prior year	3,839	-	3,839	37,258
		312,566	**-**	**312,566**	**158,319**
11.1	**Other operating (income)/losses**				
	Livestock sales	(2,361)	-	(2,361)	(2,447)
	Scrap sales	-	-	-	(22,385)
	Other gains	(867,078)	-	(468,622)	(24,006)
	Loss on palm seedlings	742,696	-	742,696	611,172
	Petrol and diesel sales	-	-	-	(88,214)
	Use of land	-	-	-	(56,399)
	Service income	-	-	-	(8,860)
		(126,743)	**-**	**271,714**	**408,861**
12	**Finance cost**				
	Interest on lease liabilities	41,249	-	41,249	41,249
	Interest on loan	1,704,957	-	1,002,531	551,342
	Interest on overdrafts	469,339	-	364,119	1,042,966
	Interest on defined benefit obligation	81,801	-	81,801	86,621
	Interest on government grant	282,636	-	282,636	196,114
		2,579,982	**-**	**1,772,336**	**1,918,292**
13	**Finance income**				
	Interest on call deposit	-		-	56,785
	Interest on fixed deposit	18,184		18,184	2,073
		18,184	**-**	**18,184**	**58,858**

Notes to the financial statements

	The Group		The Company	
	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000
14 Profit before taxation				
Profit before taxation is stated after charging / (crediting) the following:				
Depreciation of property, plant and equipment	2,618,307	-	2,392,065	1,759,029
Depreciation of Right-of-use assets	39,123	-	23,390	23,390
Amortization of intangible assets	29,561	-	467	47
Directors renumeration	117,964	-	114,444	94,072
Auditors renumeration	78,000	-	60,000	40,000
Loss on disposal of fixed assets	4,942	-	4,942	82,745
Interest on loans, overdrafts etc.	2,498,181	-	1,772,336	1,918,292
Management fee	980,948	-	799,838	332,794
Technical knowhow	869,889	-	869,889	703,207
Seconded staff cost	908,409	-	908,409	967,339
Expected Credit Loss Allowance	117,496	-	-	-
Exchange loss	894,266	-	446,440	265,940
Gratuity expense (service cost)	97,298	-	96,078	28,938

14.1 Technical and Management service fees

"The amount payable for Technical Knowhow and Management service agreement is based on applicable rates below. For the year ended 31 December, 2021 the fees inclusive of VAT amounting to N1.41 billion (2020: N1.03 billion) was recognised in these financial statements. The agreement was made with the approval of the National Office for Technology Acquisition and promotion (NOTAP). The last approval expired in 31 December 2020. The company has already initiated the process for the renewal covering 3 years from January 1, 2021 - December 31, 2023.

Management fees charged for the year of N908 million (2020: N967 million) represents the value of management services provided by SIAT NV and restricted to a maximum of 3% of profit before tax based on agreement between the parties."

NOTAP Approved Items	NOTAP Certificate NO	Rates	Bases
Technical Knowhow	Cr006852	3%	Net Sales
Management Fee	Cr006852	Not exceeding 3%	Profit before tax (PBT)

Notes to the financial statements

		The Group		The Company	
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
		₦'000	₦'000	₦'000	₦'000
15	**Analysis of tax expense**				
	Tax recognised in profit or loss	7,058,317	-	7,058,317	3,428,422
	Tax recognised in other comprehensive income	122,119	-	70,038	(42,150)
		7,180,436	-	7,128,355	3,386,272
15.1	**Tax expenses**				
	Income tax				
	Current income tax	4,561,283	-	4,561,283	297,435
	Education tax	699,669	-	699,669	190,008
	Police trust fund	1,343	-	1,343	435
	Tax under provision in prior years and paid during the year	27,792	-	27,792	627,210
		5,290,087	-	5,290,087	1,115,088
	Deferred tax	1,890,349	-	1,838,268	2,271,184
		7,180,436	**-**	**7,128,355**	**3,386,272**

The subsidiary (SNL) has been making consistent losses. In line with section 33(3a) of CITA 2004 as amended, it is not subjected to minimum tax because it is into the business of plantation (primary) agricultural business. It is not subjected to education tax because it has assessable loss.

Assuming the subsidiary is not exempted from minimum tax, the amount due would have been N 29.6 million.

	The Group		The Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000	₦'000	₦'000
Income taxes relating to continuing operations				
Income tax recognized in profit or loss				
Current tax				
Company income tax payable	4,561,283	-	4,561,283	297,435
Education tax payable	699,669	-	699,669	190,008
Police trust fund tax payable	1,343	-	1,343	435
Under provision in prior period	27,792	-	27,792.00	627,210
	5,290,087	**-**	**5,290,087**	**1,115,088**
Deferred tax				
Deferred tax expense recognised in the current period	1,890,349	-	1,838,268	2,271,184
	1,890,349	**-**	**1,838,268**	**2,271,184**
Total tax expense recognized in the current period relating to continuing operations	**7,180,436**	**-**	**7,128,355**	**3,386,272**

Notes to the financial statements

15.2 Effective tax reconciliation

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

The income tax expense for the period can be reconciled to the accounting profit as follows:

	The Group		The Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	₦'000	₦'000	₦'000	₦'000
Profit before tax from continuing operations	26,378,270	-	26,879,814	8,690,351
Income tax expense calculated at 30% of PBT	7,913,481	-	8,063,944	2,607,105
Effect of expenses that are not deductible in determining taxable profit	919,454	-	919,454	186,348
Effect of concessions (research and development and other allowances)	(216,188)	-	(216,188)	(179,024)
Education tax at 2% of assessable profits	699,669	-	699,669	190,008
Police trust fund at 0.0005% of PBT	1,343	-	1,343	435
Adjustments recognized in the current period in relation to the income tax for prior periods	27,792	-	27,792	627,210
Tax adjustments (others)	(2,503,422)	-	(2,437,697)	(3,660)
Income tax expense recognized in profit or loss	**7,058,317**	**-**	**7,058,317**	**3,428,422**
Effective tax rate	**27%**	**-**	**27%**	**39%**

15.3 Income tax recognized in other comprehensive income

	The Group 31 Dec. 2021	The Group 31 Dec. 2020	The Company 31 Dec. 2021	The Company 31 Dec. 2020
Deferred tax on remeasurement of defined benefit obligation	122,119	-	70,038	(42,150)
Total income tax recognized in other comprehensive income	**122,119**	**-**	**70,038**	**(42,150)**

Notes to the financial statements

16 Intangible assets

16.1 Other Intangible Assets

The Group

	Computer software ₦'000	Total ₦'000
At 1 January		
Balance brought forward	**116,512**	116,512
Addition from consolidation	293,275	293,275
Addition from purchase	16,801	16,801
At 31 December 2021	**426,589**	**426,589**
Amortization		
At 1 January		
Balance brought forward	(247,272)	**(247,272)**
Change during the year	(29,561)	(29,561)
At 31 December 2021	**(276,833)**	**(276,833)**
Carrying amount		
At 31 December 2021	**149,755**	**149,755**

The Company

	Computer software ₦'000	Total ₦'000
Cost		
At 1 January 2020	116,512	116,512
Addition during the year	-	-
At 31 December 2020	**116,512**	**116,512**
Addition during the year	16,801	16,801
At 31 December 2021	**133,313**	**133,313**
Amortization		
At 1 January 2020	(116,391)	(116,391)
Charge during the year	(47)	(47)
At 31 December 2020	**(116,438)**	(116,438)
Charge during the year	(466)	(466)
At 31 December 2021	**(116,904)**	(116,904)
Carrying amount		-
At 31 December 2021	**16,409**	**16,409**
At 31 December 2020	**74**	**74**

Notes to the financial statements

17 Biological assets

17a Reconciliation of carrying amount

Biological assets consist of the fresh fruit bunches from the trees:

	Group		Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
The Group	**₦'000**	**₦'000**	**₦'000**	**₦'000**
At fair value (Fresh fruit bunches)				
At 1 January	**6,937,844**	-	**6,937,844**	**5,092,477**
FFB from acquisition of subsidiary	1,336,095	-	-	-
Matured hectares	744,123	-	744,123	(244,092)
Fresh Bunches (FFB) Produced	1,039,645	-	1,039,645	(788,324)
Extraction rate	(334,816)	-	(334,816)	(123,012)
Cost (Upkeep cost, harvesting & Collection cost and Agric overhead costs)	(1,455,566)	-	(1,455,566)	(36,286)
Changes in fair value less costs to sell:		-		
Selling price	6,399,138	-	6,399,138	3,177,091
Contributory Asset Change	(585,734)	-	(585,734)	(155,281)
Discount rate	39,657	-	39,657	15,271
Gains from of subsidiary biological assets	1,115,936	-	-	-
At 31 December	15,236,322	-	12,784,291	6,937,844
The biological assets are analysed into:				
Non- current	-		-	-
Current	15,236,322	-	12,784,291	6,937,844
At 31 December	15,236,322	-	12,784,291	6,937,844
Gain on biological asset revaluation	5,846,447	-	5,846,447	1,845,367
Gains from of subsidiary biological assets	1,115,936	-	-	-
	6,962,382	-	5,846,447	1,845,367

The biological assets of the Group comprises fresh fruit bunches ('FFB"") prior to harvest. The valuation model adopted by the company considers the present value of the net cash flows expected to be generated from the sale of products (CPO) from FFB. In estimating the net cash flows, management considered cash flows which were derived by estimating the expected yield from each plantation estate taking into consideration expected extraction rate and purchase price. The extraction rate adopted was based on management's experience and judgement while the purchase price is based on observable CPO selling price per ton.

The forecast growth rate was based on management's expectation and experience. Estimated cash flows derived was based on upkeep cost, harvesting/collection cost, overheads and other factory costs. Management estimated these costs based on historical trends. The net cash flow derived was discounted using the weighted average cost of capital (WACC) which reflects market participant's view.

In arriving at the reported fair value, management estimated the cost of disposing off the biological asset (incremental costs to take the asset to market, cost of engaging professionals to assist with the disposal process, and other transaction costs as management deemed necessary) and deducted these estimated costs from the fair value to arrive at the fair value less cost to sell.

Notes to the financial statements

17a Reconciliation of carrying amount (cont'd)

As at 31 December 2021, none of the biological assets are pledged as securities for liabilities. The fair value measurement of the company's biological assets are categorised within Level 3 of the fair value hierarchy. If the FFB products selling price changes by 5%, profit or loss for the company would have equally increased or decreased.

Valuation as at 31 December 2021	Management computation NGN	Deloitte computation NGN	Deloitte valuation ranges NGN	NGN
Base case	16,713,087	12,784,291	12,355,915	13,213,548
Revenue worst case (5%)			11,456,540	12,270,698
Revenue best case (5%)			13,255,290	14,156,397
Cost worst case (5%)			12,531,535	13,389,547
Cost best case (5%)			12,180,295	13,037,549

During the financial year, the group harvested 291,033 tons of FFB while the company harvested 223,253 tons of FFB (2020: 214,872 tons).

As at 31 December 2021, none of the biological assets are pledged as securities for liabilities.
The fair value measurement of the group's biological assets are categorised within Level 3 of the fair value hierarchy. If the FFB products selling price changes by 5%, profit or loss for the group would have equally increased or decreased.

There were no transfers between all three (3) levels of the fair value hierarchy during the financial year.

The value of the biological assets appears to be sensitive to these inputs (discount rate and extraction rate).

At 31 December 2021, the Group's material biological asset consists only of palm trees coming from 6 existing estates (Obaretin, Cowan, Ologbo, Sakponba, Elele and Ubima):
The following information was used by the Group during valuation of its biological asset:
Mature Palm trees for a total of 22,554 hectares; Immature Palm trees for a total of 944 hectares and; Pre nursery and Main nursery seedlings available to generate a total of 689,719 hectares of planting.

""Since no reliable market-based prices are available to value the biological asset, the calculation method used being called the income method determines the present value of expected net cash flows from the biological asset in its present location and condition, discounted at a current market-determined rate. Net cash flow that the asset is expected to generate in its most relevant market meaning at the earliest point at which a market exists being the price/ MT of FFB used to value the harvest net of cost of up keeping, harvesting, transporting and selling the fruits. "

Any cash flows for financing the assets, taxation or re-establishing biological assets after harvest have been excluded. The assumptions applied in the valuation were an assumed CPO Malaysian Palm Oil price incremented by a factor taking into account Nigerian Market specificities, and a discount rate of 13.9% (2020: 15.6%) and the subsidiary uses 19.43%"

17b Measurement of fair values:

i. Fair value hierarchy

The fair value measurements for the FFB Produce have been categorised as Level 3 fair values based on the inputs to the valuation techniques used except for the CPO price which was based on level 2 adjusted observable input.

ii. Level 3 fair values

The following table shows a breakdown of the total gains (losses) recognised in respect of Level 3 fair values: "

	31 Dec. 2021	31 Dec. 2020
Gains on biological assets for the Group	**₦'000**	**₦'000**
Change in fair value	6,962,382	-

	31 Dec. 2021	31 Dec. 2020
Gains on biological assets for the Company	**₦'000**	**₦'000**
Change in fair value	5,846,447	1,845,367

Notes to the financial statements

17b Measurement of fair values (cont'd)

iii. Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used by the company."

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Palm Trees (Fresh Fruit Bunches)			
Palm trees older than 3 years (i.e. the age at which its Fresh fruit bunches (FFB) becomes mature for processing into CPO)	Discounted cash flows: The valuation model considers the present value of the net cash flows expected to be generated by the plantation. The cash flow projections include specific estimates for 6 months. The expected net cash flows are discounted using a risk adjusted discount rate.	– Estimated yields per hectare Obaretin (2021: 0.6–1.9, weighted average 1.3); Ologbo (2021: 1.0–2.2, weighted average 1.6); Cowan (2021: 0.7–2.1, weighted average 1.4); Sakponba (2021: 0.14–0.81, weighted average 0.47); Obaretin (2020: 0.5–2.3, weighted average 1.6); Ologbo (2020: 0.9 – 2.0, weighted average 1.4); Cowan (2020: 0.7 – 1.9, weighted average 1.5); Sakponba (2020: 0.1 – 0.14, weighted average 0.1); – Estimated costs (2021: 10.7% –13.8%, weighted average 12.2%; 2020: 10.9% – 14%, weighted average 12.2%). – Risk-adjusted discount rate (2021: 13.3% – 14.3%, weighted average 13.8%; 2020: 15.1% – 16.1%, weighted average 15.6%)	The estimated fair value would increase (decrease) if: – the estimated CPO prices per tone were higher (lower); – the estimated yields per hectare were higher (lower); – the estimated harvest and transportation costs were lower (higher); or – the risk-adjusted discount rates were lower (higher).

Notes to the financial statements

17c Risk management strategy related to agricultural activities

The Company is exposed to the following risks relating to its plantations:

i. **Regulatory and environmental risks**

The group is subject to laws and regulations in various states in Nigeria where it operates. The company has established environmental policies and procedures aimed at compliance with local environmental and other laws. "

ii. **Supply and demand risk**

The group is exposed to risks arising from fluctuations in the price and sales volume of palm oil. When possible, the company manages this risk by aligning its harvest volume to market supply and demand. Management performs regular industry trend analyses for projected harvest volumes and pricing. "

iii. **Climate and other risks**

The group's plantations are exposed to the risk of damage from climatic changes, diseases, forest fires and other natural forces. The group has extensive processes in place aimed at monitoring and mitigating those risks, including regular forest health inspections and industry pest and diseases surveys. The company also takes out insurance. "

17d Commitments for development or acquisition of biological assets

The group has not entered into any contract during the financial year to acquire additional palm oil seedlings (2020: nil).

Notes to the financial statements

18 Property, plant and equipment

Group

	Bearer Plant ₦'000	Rubber Budwood ₦'000	Building ₦'000	Freehold Land ₦'000	Processing Equipment ₦'000	Heavy Duty Equipment ₦'000	Vehicles, Wheel & Tractors ₦'000	Furniture, Fixtures & Fittings ₦'000	Utilities ₦'000	Spare parts (Strategic Spares) ₦'000	Work-in-progress ₦'000	Total ₦'000
Cost												
At 1 January 2021	15,365,822	129,063	3,407,608	5,722,592	15,430,859	580,268	1,779,246	644,610	1,483,944	-	17,238,179	61,782,191
Additions from consolidation	6,453,649	-	1,301,511	-	6,282,503	1,420,133	960,356	439,800	633,877	2,467,031	16,107,609	36,066,471
Additions	-	-	60,592	-	60,230	85,221	414,198	86,510	33,295	1,237,277	3,410,810	5,388,132
Reclassification	10,026,733	-	189,942	-	7,002,393	23,435	24,227	102,668	1,709	-	(17,371,107)	-
Disposal	-	-	-	-	-	-	(95,176)	(28,951)	(6,899)	-	(1,256,787)	(1,387,813)
At 31 December 2021	31,846,204	129,063	4,959,653	5,722,592	28,775,986	2,109,057	3,082,851	1,244,637	2,145,926	3,704,308	18,128,704	101,848,981
Accumulated depreciation												
At 1 January 2021	(3,002,160)	(4,657)	(851,313)	-	(5,682,239)	(1,098,678)	(1,985,535)	(615,385)	(946,759)	-	-	(14,186,726)
Charge for the year	(967,605)	(4,298)	(161,969)	-	(1,336,845)	(142,032)	(316,137)	(114,208)	(170,180)	-		(3,213,274)
Disposal	-	-	-	-	-	-	94,094	19,142	6,228	-	-	119,464
At 31 December 2021	(3,969,765)	(8,955)	(1,013,282)	-	(7,019,084)	(1,240,710)	(2,207,578)	(710,451)	(1,110,711)	-	-	(17,280,536)
Carrying amount												
31 December 2021	27,876,439	120,108	3,946,371	5,722,592	21,756,901	868,346	875,273	534,186	1,035,215	3,704,308	18,128,704	84,568,445

18.1 Amount recognized in income statement:

Annual depreciation expenses	3,213,274
Pre-acquisition depreciation	(594,967)
Amount in Income statement	**2,618,307**
Recognised as:	
Depreciation - Cost of sales	2,047,616
Depreciation - Administrative	570,691.6
	2,618,307

18.2 Reconciliation of acquisition of property, plant and equipment (PPE)

The Company's PPE purchased during the year	5,192,799
Post - acquisition additions from subsidiary	195,323
Total PPE acquired after acquiring the subsidiary	**5,388,122**

Notes to the financial statements

18 Property, plant and equipment (cont'd)

The Company	Bearer Plant ₦'000	Rubber Budwood ₦'000	Building ₦'000	Freehold Land ₦'000	Processing Equipment ₦'000	Heavy Duty Equipment ₦'000	Vehicles, Wheel & Tractors ₦'000	Furniture, Fixtures & Fittings ₦'000	Utilities ₦'000	Spare parts (Strategic Spares) ₦'000	Work-in-progress ₦'000	Total ₦'000
Cost												
At 1 January 2021	15,365,822	129,062	3,407,608	5,722,592	15,430,859	580,268	1,779,246	644,610	1,483,944	-	17,238,179	61,782,190
Additions	-	-	60,592	-	60,230	85,221	414,198	86,510	33,285	1,237,277	3,215,487	5,192,799
Reclassification	6,949,042	-	189,942	-	7,002,393	23,435	24,227	102,668	1,709	-	(14,293,416)	-
Disposal	-	-	-	-	-	-	(95,176)	(28,951)	-	-	(1,194,429)	(1,318,555)
At 31 December 2021	**22,314,864**	**129,062**	**3,658,142**	**5,722,592**	**22,493,482**	**688,924**	**2,122,495**	**804,837**	**1,518,938**	**1,237,277**	**4,965,821**	**65,656,434**
Accumulated depreciation												
At 1 January 2021	(2,700,329)	(4,657)	(585,428)	-	(3,727,631)	(443,694)	(1,247,920)	(324,042)	(638,925)	-	-	(9,672,626)
Charge for the year	(748,089)	(4,298)	(118,615)	-	(1,033,237)	(46,194)	(215,797)	(91,115)	(135,320)	-	-	(2,392,664)
Disposal/Reclass.	-	-	-	-	-	-	94,094	19,142	-	-		113,236
At 31 December 2021	**(3,448,418)**	**(8,955)**	**(704,043)**	**-**	**(4,760,868)**	**(489,888)**	**(1,369,623)**	**(396,015)**	**(774,245)**	**-**	**-**	**(11,952,054)**
Cost												
At 1 January 2020	11,514,583	129,062	3,227,308	2,218,144	10,554,634	654,124	1,945,259	719,139	1,326,147	-	25,110,717	57,399,117
Additions	-	-	14,151	-	32,690	-	-	43,003	219,162	-	7,073,769	7,382,775
Reclassification	3,919,170	-	177,794	3,504,448	-	5,715,614	-	-	-	-	(13,317,026)	-
Transfer to inventory	-	-	-	-	-	-	-	-	-	-	(66,719)	(66,719)
Disposal	(67,931)	-	(11,645)	-	(872,079)	(73,856)	(166,013)	(117,532)	(61,365)	-	(1,562,562)	(2,932,983)
At 31 December 2020	**15,365,822**	**129,062**	**3,407,608**	**5,722,592**	**9,715,245**	**6,295,882**	**1,779,246**	**644,610**	**1,483,944**	**-**	**17,238,179**	**61,782,190**
Accumulated depreciation												
At 1 January 2020	(2,258,761)	(359)	(494,254)	-	(3,826,550)	(472,819)	(1,196,430)	(357,761)	(580,324)	-	-	(9,187,258)
Charge for the year	(503,311)	(4,298)	(102,819)	-	(704,864)	(42,685)	(200,124)	(81,349)	(119,579)	-	-	(1,759,029)
Reclassification	-	-	-	-	-	-	-	-	-	-	-	-
Disposal	61,743	-	11,645	-	803,783	71,810	148,634	115,068	60,978			1,273,661
At 31 December 2020	**(2,700,329)**	**(4,657)**	**(585,428)**	**-**	**(3,727,631)**	**(443,694)**	**(1,247,920)**	**(324,042)**	**(638,925)**	**-**	**-**	**(9,672,625)**
Carrying amount												
31 December 2021	18,866,446	120,107	2,954,099	5,722,592	17,732,614	199,035	752,872	408,822	744,693	1,237,277	4,965,821	53,704,380
31 December 2020	12,665,493	124,405	2,822,180	5,722,592	5,987,614	5,852,188	531,326	320,568	845,019	-	17,238,179	52,109,564

During the course of the financial year, the group disposed of some of its capital work in progress items of about NGN1.25 billion (2020: nil), while the company disused of its capital work in progress of about NGN1.19 billion (2020:1.56 billon) which includes palm seedlings that the company determined were not viable for cultivation.

The group depreciation expense of NGN 3.2 billion (2020: Nil) out of which N0.81 billion was allocated to pre-acquisition depreciation expenses and was deducted from the depreciation expenses, The outstanding balance of N2.4 billion has been charged in 'cost of sales', NGN 0.303 billion (2020: Nil) in 'administrative expenses' while that of the company of NGN 2.4 billion were charged NGN 2.05 billion cost of sales and NGN 0.34 billion to administrative expenses.

Construction work in progress as at 31 December 2021 mainly comprises of new palm oil refinery and fractionating plant, immature plantations and nursery as well as land being acquired with the intention of constructing a new factory on the site.

18.1 Reclassification

This refers to the reclassification of completed assets from work-in-progress to their respective asset class within the Property, Plant and Equipment balance.

18.2 Assets pledged as security

As at 31 December 2021, some borrowings were secured by a negative pledge on all the assets of the company. See Note 27 for details.

Notes to the financial statements

19 Right-of-use assets

	Group		Company	
	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000	31 Dec. 2021 ₦'000	31 Dec. 2020 ₦'000
Cost				
At 1 January	1,671,236	-	1,671,236	1,671,236
Addition from consolidation	3,814,396	-	-	-
At 31 December	**5,485,632**	**-**	**1,671,236**	**1,671,236**
Accumulated Depreciation				
At January	(1,356,031)	-	(46,780)	(23,390)
Pre-acquisition depreciation	(80,619)	-	-	-
Charge for the year	(39,123)	-	(23,390)	(23,390)
At 31 December	**(1,475,773)**	**-**	**(70,170)**	**(46,780)**
Carrying amount				
At 31 December	**4,009,859**	**-**	**1,601,066**	**1,624,456**

The group leases lands at Ologbo, Obaretin, Cowan, and Sakponba in both Edo & Delta States, and Ubima and Elele in Rivers State.

The Company leases land at Ologbo, Obaretin, Cowan and Sakponba. The leases typically run for a period of 99 years, with no extension options, since these leases run the maximum lease life allowable by the government (i.e. 99 years). Lease payments are renegotiated every five years to reflect market rentals.

These leases were entered into many years ago by the company. Previously, these leases were classified as financing leases under IAS 17.

The Company has another leased land at Ologbo with a contract term of 99 years, however, this lease is of low-value. Therefore, the company has elected not to recognise a right-of-use asset and lease liability for this lease.

The amounts recognised in profit/(loss) in relation to leases has been presented in the note 8 and the extension options for the leases has been presented in note 20.

The maturity analysis of lease liabilities is presented in Note 30.2.

20 Extension options for leases

The Company assesses at lease commencement date whether it is reasonably certain to exercise extension options. The Company assesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The extension option has not been considered for the computation of the lease liabilities because there is no reasonable certainty nor enforceability backing such extension.

Notes to the financial statements

21 Investment in Subsidiary

21.1 Composition of the Group

Set out below are the details of the subsidiary held directly by the Company:

Name of the Subsidiary	Country of incorporation and principal place of business	Principal activity	Proportion of ownership interests held by the Company at period-end 31 December 2021
Siat Nigeria Limited	Nigeria	SIAT (NIGERIA) LIMITED specializes in the cultivation of oil palms and in the extraction of crude palm oil. The Company supplies oil of high quality specifications to its customers and assures reliability of supply of its products all year round. The Company operates from two estates in Rivers State, Ubima and Elele Estates.	100%

21.2 Acquisition of SIAT Nigeria Limited for NGN 23 billion

On 31 October 2021, the parent company acquired 100% of the equity instruments of Siat Nigeria Limited which was made to strategically improve the performance of the group. The income statement of SNL is consolidated from 31 October 2021 when Company took over the control of the subsidiary, and the related revenue and profit consolidated was N1.19 billion and N411 million

Acquisition under common control

Details of the business transaction:	
Fair value of consideration transferred:	**N' 000**
Amount settled in cash	3,008,573
Amount payable in future	19,991,427
Total Consideration	**23,000,000**
Recognised amounts of identifiable net assets:	
Intangible Asset	135,399
Right of Use Assets	2,505,146
PPE	30,067,670
Total Non-current assets	**32,708,215**
Inventory	1,062,388
Trade and other receivables	2,919,061
Deferred income	22,141
Biological assets	1,336,091
Cash and cash equivalent	934,456
Total current assets	**6,274,137**
Total Assets	**38,982,352**
Long-term Borrowings	(17,212,643)
Lease Liability - Non- Current	(756,438)
Retirement Obligation	(339,071)
Trade & Other Payables	(6,850,937)
Short-term Borrowings	(3,647,990)
Lease Liability - Current	(1,618,997)
Bank Overdraft	(3,405,107)
Total Liabilities	**(33,831,183)**
Net Asset acquired	**5,151,169**
Acquisition premium on SNL	**17,848,831**

Notes to the financial statements

21.3 Identifiable net assets

We recognise the net assets at 31 October 2021 at carrying value of the group as this is a common control transaction

21.4 Acquisition-related costs

Acquisition-related costs amounting to NGN 894.7 million are not included as part of consideration and have been recognised as an expense in the consolidated statement of profit or loss, as part of other expenses.

21.5 Acquisition Reserves

The excess of acquisition cost to net assets of NGN18 billion is primarily from growth expectations, and expected future profitability, group and expected cost synergies. The excess will be booked as reserves since the acquired entity and the company are under the same control of Siat NV. This treatment is not covered by IFRS 3, hence the management uses predecessor value method.

21.6 Acquisition of subsidiary - Net cash

	31-Dec-21 N '000	31-Dec-20 N '000
Cash paid for the acquisition of Siat Nigeria Limited	3,008,573	-
Cash and Cash Equivalent from Siat Nigeria Limited	2,470,651	-
Net cash from acquisition	**5,479,224**	-

21.7 Voting right held by Non-Controlling Interest

The non-controlling interest do not have any voting right as they only have nil interest in Siat Nigeria Limited

21.8 Summary of the subsidiary financial statements for the year ended 31 December 2021

	N '000
Non -current asset:	
Intangible asset	133,346
Property, plant and equipment	30,864,062
Right to use assets	2,408,794
Total non-current assets	**33,406,202**
Current asset	
Inventory	276,303
Trade and other receivables	2,452,027
Biological assets	3,298,417
Cash & cash equivalents	110,641
Total current assets	**6,137,388**
Total Assets	**39,543,590**
Equity	4,809,868
Non-current liabilities	
Borrowings	16,965,385
Employee benefit obligation	251,513
Deferred Income	
Deferred tax liability	
Lease liability	2,325,248
Total non-current liabilities	**19,542,146**
Current liabilities:	
Trade & Other payables	8,819,090
Borrowings	2,642,512
Overdraft	3,710,018
Deferred Income	-
Lease liability	19,955
Total current liabilities	**15,191,575**
Total Liabilities and Equity	**39,543,590**
Revenue	11,856,163
Cost of sales	(4,884,572)
Gross Profit	**6,971,591**
Other Income	1,845,428
Admin & Selling Expenses	(4,749,179)
Finance Cost	(3,712,441)
Net profit	**355,400**

Notes to the financial statements

22 Inventories

	Group		Company	
	31 Dec. 2021 N'000	31 Dec. 2020 N'000	31 Dec. 2021 N'000	31 Dec. 2020 N'000
Supplies (Spares)	5,300,510	-	2,755,982	3,216,846
Finished Goods	698,496	-	576,673	44,085
Goods in Transit	961,069	-	884,087	293,811
Allowance for obsolete spares	(2,764,153)	-	(297,123)	(5,536)
	4,195,922	-	**3,919,619**	**3,549,206**

Recognised as an expense in the financial statements are engineering spares used for production of N1,347.68m (2020: N980.19m) in respect of continuing operations. The cost of inventories reversed during the year as a result of previous write-downs is nil (2020: nil). Previous write-downs have been reversed as a result of the sales of these inventory items during the current year.

There were no inventories pledged as securities during the financial year (2020: Nil)

	Group		Company	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
23 Trade and other receivables	N'000	N'000	N'000	N'000
Financial instruments				
Trade receivables	694,599	-	599,690	529,371
Allowance for expected credit losses	(121,335)	-	(27,069)	(30,907)
	573,264		**572,621**	**498,464**
Other receivables				
Intercompany receivables	6,878,540	-	7,628,618	5,693,859
Unclaimed dividend investment	270,533		270,533	-
	7,722,337	-	**8,471,772**	**6,192,323**
Non-Financial Instruments				
Sundry debtors	1,449,360	-	452,747	168,162
Dividend below 15 months receivables from registrar if unclaimed	425,703	-	425,703	572,801
Payment in advance	484,012	-	158,927	29,474
	2,359,075	-	**1,037,376**	**770,437**
Total trade and other receivables	**10,081,412**	-	**9,509,148**	**6,962,760**

23.1 Trade receivables

The average credit period granted to customers is 30 days. No interest is charged on overdue receivables.

The group does not hold any collateral for trade receivables. The group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by 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 per cent 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 year. 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, or when the trade receivables are over two years past due, except where there is adequate security. None of the trade receivables that have been written off are subject to enforcement activities. Trade receivables are considered to be past due when they exceed the credit period granted.

The group uses an allowance matrix to measure the ECLs of trade receivables from customers. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated based on the following common credit risk characteristics – geographic region, age of customer relationship and type of product purchased.

Notes to the financial statements

23.2 Allowance for expected credit loss

The following table details the risk profile of trade receivables based on the group's provision matrix. As the group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the company's different customer base:

31-Dec-21	Trade receivables and intercompany accounts days past due					
The group	**1-30 days**	**31-60 days**	**61-90 days**	**91-180 days**	**>180 days**	**Total N' 000**
Expected credit loss rate	4%	4%	5%	5%	10%	
Estimated total gross carrying amount at default (N'000)	699,212	2,776		575	5,625	708,188
Expected credit loss (N'000)	(134,236)	(108)		(31)	(550)	(134,924)
	564,976	**2,669**	-	**544**	**5,075**	**573,264**

The Company

	Trade receivables days past due					
31-Dec-21	**1-30 days**	**31-60 days**	**61-90 days**	**91-180 days**	**>180 days**	**Total N"000**
Expected credit loss rate	4%	4%	5%	5%	10%	
Estimated total gross carrying amount at default (N'000)	590,713	2,776	-	575	5,625	599,689
Expected credit loss (N'000)	(26,381)	(108)	-	(31)	(550)	(27,069)
	564,332	**2,669**	-	**544**	**5,075**	**572,620**

The Company

	Trade receivables days past due					
31-Dec-20	**1-30 days**	**31-60 days**	**61-90 days**	**91-180 days**	**>180 days**	**Total N' 000**
Expected credit loss rate	4%	7%	9%	12%	20%	
Estimated total gross carrying amount at default (N'000)	319,229	114,542	67,612	13,904	14,084	529,371
Expected credit loss (N'000)	(12,769)	(7,445)	(6,138)	(1,675)	(2,880)	(30,907)
	306,460	**107,097**	**61,474**	**12,229**	**11,204**	**498,464**

Loss rates are based on actual credit loss experience over the past four years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the company's view of economic conditions over the expected lives of the receivables.

Scalar factors are based on actual and forecast gross domestic product (agriculture industry specific), inflation rate and forex rates. These scalar factors are as follows: 1.23 (2020: 2.08) for downside, 2.54 (2020: 2.38) for baseline and 2.50 (2020:1,99) for upside.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9:

Notes to the financial statements

23.2 Allowance for expected credit loss (cont'd)

The Group	Collectively assessed N'000	Individually assessed N'000	Total N'000
Balance as at 1 January 2021	65,117	3,048	68,165
Net remeasurement of loss allowance	-	-	-
	65,117	**3,048**	**68,165**
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement	121,335	-	121,335
Balance as at 1 December 2021	**186,452**	**3,048**	**189,500**

The Company	Collectively assessed N'000	Individually assessed N'000	Total N'000
Balance as at 1 January 2020	65,117	3,048	68,165
Net remeasurement of loss allowance	-	-	-
	65,117	**3,048**	**68,165**
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement	37,257	-	**37,257**
Balance as at 1 December 2020	102,374	3,048	105,422
Net remeasurement of loss allowance	-	-	-
	102,374	**3,048**	**105,422**
Change in loss allowance due to new trade receivables originated net of those derecognised due to settlement	-	-	-
Balance as at 1 December 2021	**102,374**	**3,048**	**105,422**

The increase in loss allowance is mainly attributable to the total increase in the gross carrying amounts of trade receivables. The increase in the gross carrying amount of more than 30 days past due for the company's customers in comparison with the prior year contributed to the increase in loss allowance. The methodology for the calculation of ECL is the same as described in the last annual financial statements.

The group's exposure to credit and market risks related to trade and other receivables are disclosed in Note 5.1.

The impairment loss as at 31 December 2021 relates to several customers that are not expected to be able to pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due are still collectible, based on historical payment behaviour and extensive analysis of the underlying customers' credit ratings. The impairment loss is included in administrative expenses.

"Based on historical default rates, the Company believes that, apart from the above, no additional impairment allowance is necessary in respect of trade receivables past due. As at the date of the approval of the financial statements.

All trade receivables are denominated in Nigerian Naira. "

Notes to the financial statements

		The Group		The Company	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		N '000	N '000	N '000	N '000
24	**Cash and cash equivalents**				
	Cash and bank balances	20,791,122	-	21,558,000	1,593,944
	Cash deposits	1,289,771	-	412,253	496,287
	Restricted Cash balance	-	-	-	215,582
	Short term deposits	283,704	-	283,704	279,279
	Cash and cash equivalents in the statement of financial position	**22,364,597**	-	**22,253,957**	**2,585,092**
	Bank overdrafts	(5,655,259)	-	(1,945,241)	(6,364,154)
	Cash and cash equivalents in the statement of cashflows	**16,709,338**	-	**20,308,716**	**(3,779,062)**

Restricted cash balance represents committed cash no longer available for another purpose other than that for which it has been designated for. They represent naira deposits for foreign currencies purchased for funding of letters of credit relating to the settlement of invoices emanating from importation of raw materials, spare parts and machinery as well as the payment of expatriate salaries and dividend payment to the group.

Short term deposits represents Presco workers gratuity investment.

25 Share capital and share premium

25.1 Share capital

		Group		Company	
		31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
		N'000	N'000	N'000	N'000
	Authorised				
	1,100,000,000 Ordinary shares at 50kobo each	**550,000**		**550,000**	**550,000**
	Issued and fully paid-up capital				
	1,000,000,000 Ordinary shares at 50kobo each	**500,000**		**500,000**	**500,000**
25.2	**Share premium**	**1,173,528**		**1,173,528**	**1,173,528**

26 Employee benefits

26.1 Defined contribution plans

The employees of the group are members of a state-managed retirement benefit plan operated by the government of Nigeria (Pension Reform Act 2014). The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

Notes to the financial statements

26.2 Defined benefit plans

The group operated a defined benefit / staff gratuity/ terminal benefit plan where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period on date of retirement. The plan is partly funded and plan assets are managed externally by Zenith Bank.

The defined benefit plan exposed the company to actuarial risk such as investment risk, interest rate risk, longevity risk and salary risk.

Investment Risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high quality corporate bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently, the plan has a relatively balanced investment in field -income investments. Due to the long-term nature of the plan liabilities, the trustees of the fund consider it appropriate that a reasonable portion of the plan assets should be invested in fixed-income investments to leverage on the return generated by the fund.
Interest risk	A decrease in the bond interest rate will increase the plan liability but this will be partially offset by an increase in the return on the plan's fixed-income investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.
Inflation Risk	The group defined benefits obligation are linked to inflation, and higher inflation will lead to higher liabilities.

The group operated a defined benefit / staff gratuity/ terminal benefit plan where qualifying employees receive a lump sum payment based on the number of years served after an initial qualifying period on date of retirement. The plan is partly funded and plan assets are managed externally by Zenith Bank.

The defined benefit plan exposed the company to actuarial risk such as investment risk, interest rate risk, longevity risk and salary risk.

The group recognises provision for post-employment benefits for its permanent employees in accordance with the statute. The provision is based on an actuarial calculation by an independent actuary using the "project Unit Credit Method". Post employment benefit recognised by the group amounted to approximately N1,026 million as at December 2021 (2020: nil) while that of the company amounted to N826 million as at 31 December 2021 (2020: N938.7 million)

The most recent actuarial valuations of the present value of the defined benefit obligation were carried out at 31 December 2021 by Alexander Forbes FRC/2012/0000000000504 and represented by Wayne van Jaarsveld FRC/2017/NAS/00000016625 for the Company while the subsidiary actuarial valuations were carried out by Zamara Consulting Actuaries Nigeria Limited and represented by James I. Olubayi FRC/2019/00000012910. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

Amount recognised in the statement of financial position

	The Group		The Company	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	N '000	**N '000**	**N '000**	**N '000**
Retirement Benefit	921,352	-	701,969	803,050
Gratuity	74,411	-	74,411	81,307
Long service award	82,034	-	49,904	54,348

Present value of funded obligations "fair value assets	**1,077,797**	**-**	**826,284**	**938,705**

Notes to the financial statements

26.2 Defined benefit plans (cont'd)

The amounts recognised in the statements of comprehensive income in respect of these defined benefits scheme and plan are as follows:

	The Group		The Company	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	N '000	**N '000**	**N '000**	**N '000**
Service Cost	157,726	-	96,078	61,174
Interest Cost	108,306	-	81,801	86,621
	266,032	-	177,879	147,795
Actuarial (gains) / losses on long service award			(7,647)	6,592

Remeasurements through the Other Comprehensive Income (OCI)

	The Group		The company	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	N '000	**N '000**	**N '000**	**N '000**
Actuarial (gain)/loss - obligation from experience adjustment	125,477	-	(340,589)	(34,535)
Actuarial (gain)/loss - obligation from economics assumptions	(501,228)	-	125,088	175,036
Amount recognised in OCI	**(375,751)**	**-**	**(215,501)**	**140,501**

Reconciliation of Benefit Obligations

	The Group		The company	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	N '000	**N '000**	**N '000**	**N '000**
Opening benefits obligation	938,705	-	938,705	694,053
Opening benefits obligation from subsidiary	339,071	-	-	-
Current service cost (employer)	163,731	-	96,078	61,174
Interest cost	111,081	-	81,801	86,621
Actuarial (gain)/Loss in experience	125,477	-	125,088	(34,535)
Actuarial (gain)/Loss in assumptions	(501,228)	-	(340,589)	175,036
Actuarial (gains) / Losses on long service award	(7,647)	-	(7,647)	6,592
Benefits paid	(91,393)	-	(67,152)	(50,236)
Benefit obligation as at 31 December	1,077,797	-	826,284	938,705

Notes to the financial statements

26.2 Defined benefit plans (cont'd)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

The Group
Employee benefit type

		Main result	+1%	-1%
	Discount rate	**N'000**	**N'000**	**N'000**
Retirement		(922,149)	(873,055)	(977,975)
Change			**(4.3%)**	**4.8%**
Long Service Awards		(81,237)	(76,619)	(86,381)
Change			**(5.7%)**	**12.7%**
Gratuity		(74,411)	(71,990)	(77,045)
Change			**(3.3%)**	**7.0%**
Total	**Discount rate**	**(1,077,797)**	**(1,021,665)**	**(1,141,401)**
			(5.2%)	**5.9%**

		Main result	+1%	-1%
	Salary increase rate	**N'000**	**N'000**	**N'000**
Retirement		(922,149)	(975,269)	(874,851)
Change			**5.8%**	**-5.1%**
Long Service Awards		(81,237)	(86,423)	(76,514)
Change			**6.4%**	**-5.8%**
Gratuity		(74,411)	(76,668)	(72,309)
Change			**3.0%**	**-2.8%**
Total	**Discount rate**	**(1,077,797)**	**(1,138,360)**	**(1,023,674)**
			5.6%	**-5.0%**

The Company
Employee benefit type

		Main result	+1%	-1%
	Discount rate	**N'000**	**N'000**	**N'000**
Retirement		(701,969)	(671,964)	(735,780)
Change			**-4.3%**	**4.8%**
Long Service Awards		(49,904)	(47,270)	(52,817)
Change			**-5.3%**	**11.7%**
Gratuity		(74,411)	(71,990)	(77,045)
Change			**-3.3%**	**7.0%**
Total	**Discount rate**	**(826,284)**	**(791,224)**	**(865,642)**
			-4.2%	**4.8%**

		Main result	+1%	-1%
	Salary increase rate	**N'000**	**N'000**	**N'000**
Retirement		(701,969)	(732,733)	(674,346)
Change			**4.4%**	**-3.9%**
Long Service Awards		(49,904)	(52,827)	(47,224)
Change			**5.9%**	**-5.4%**
Gratuity		(74,411)	(76,668)	(72,309)
Change			**3.0%**	**-2.8%**
Total	**Discount rate**	**(826,284)**	**(862,228)**	**(793,879)**
			4.4%	**-3.9%**

Notes to the financial statements

26.2 Defined benefit plans (cont'd)

Economic Assumptions

The valuation report assumptions are stated below:

Discount rate used	Long service Award	Gratuity	Retirement Benefit
Presco	8.3%	6.8%	8.3%
Siat Nigeria Limited	12.48%		12.6%

Inflation rate used	Long service Award	Gratuity	Retirement Benefit
Presco	13%	13%	13%
Siat Nigeria Limited	13%		13%

Salary increment	Long service Award	Gratuity	Retirement Benefit
Presco : Junior & Senior Staff	10%	10%	10%
Presco Plc: Management Staff	8%	8%	8%
Siat Nigeria Limited	10%		10%

Mortality

The valuation report assumed that the rate of mortality for members in service will follow the A1949-1952 for pre-retirement mortality as published by the Institute of Actuaries for Siat Nigeria Limited while the parent company uses the ultimate table of A1967/70.

Withdrawals

The withdrawal from service was based on the average experience of other similar companies in the industry.

Notes to the financial statements

27 Borrowings

	The group		The Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	N ' 000	N ' 000	N ' 000	N ' 000
Unsecured borrowing at amortized cost				
Fidelity BOI Loan	347,989	-	347,989	588,611
Stanbic IBTC	6,814,766	-	1,776,887	3,390,524
Fidelity Term Loan	797,872	-	797,872	1,180,851
Zenith (DCRR) Term Loan	3,673,196	-	-	-
	11,633,823		**2,922,748**	**5,159,986**
Secured borrowing at amortized cost				
UBA CACS loan	-	-	-	217,852
First Bank loan	10,000,000	-	-	-
Fidelity bank loan	504,386	-	-	-
Union Bank -term Loan	204,876	-	-	-
Zenith	-	-	-	2,000,000
GTB	4,605,662	-	4,605,662	833,333
Stanbic Bridge to Bond Facility	10,000,000	-	10,000,000	-
GTB Bridge to Bond Facility	3,000,000	-	3,000,000	-
Zenith Bridge to Bond Loan Account	10,000,000	-	10,000,000	-
GTB RSSF DCRR Loan	-	-	-	4,323,027
Commercial Paper	187,561	-	-	-
Letters of credit obligation	922,869	-	922,869	701,263
	39,425,354	**-**	**28,528,531**	**8,075,475**
Total borrowings	**51,059,177**	**-**	**31,451,280**	**13,235,461**
Include in the statement of financial position as:				
Current	28,685,891	-	25,992,941	6,425,272
Non-current	22,373,286	-	5,458,339	6,810,189
Below is the loan movement during the year				
At 1 January	13,235,461	-	13,235,461	17,642,911
Addition through consolidation	22,068,968		-	-
Additional loan	24,164,808	-	24,164,808	4,527,101
Interest expenses not capitalised	3,058,247	-	-	-
Fair valuation of loan (government grant)	61,141	-	61,141	-
Interest recognised in profit or loss	(2,604,926)	-	282,636	196,114
Repayment during the year	(8,924,522)	-	(6,292,766)	(9,130,665)
At 31 December	**51,059,177**	**-**	**31,451,280**	**13,235,461**

Notes to the financial statements

27 Borrowings (cont'd)

Below is the movement in the interest payable balance during the year:

	The Group		The Company	
	31-Dec-21	31 Dec 201	31-Dec-21	31-Dec-20
	N ' 000	N ' 000	N ' 000	N ' 000
At 1 January	(26,801)	-	(26,801)	(1,670)
Interest payable from consolidation	(140,582)	-	-	-
Interest expense on loans and overdrafts	2,174,296	-	1,366,650	(1,594,308)
Interest paid during the year	(1,448,649)	-	(1,366,651)	1,569,177
At 31 December	**558,264**	**-**	**(26,802)**	**(26,801)**

27.1 Summary of borrowing arrangements

UBA CACS loan: The Company obtained a 7% [N2 billion] loan under the CBN Commercial Agriculture Credit Scheme (CACS) in two tranches of N982 million and N1.018 billion in July 2015 and November 2015 respectively. The loan was facilitated by United Bank for Africa (UBA) for the purpose of financing the expansion program of the company in rubber planting. The loan has a tenor of 6 years inclusive of 9 months moratorium. Using imputed market interest rates of 14% for an equivalent loan of 9%. The fair value of the loan is estimated at N1.78billion. The difference of N220million between the gross proceeds and the fair value of the loan is the benefit derived from the below-market interest rate loan and is recognised as deferred revenue (see note 29.1). The deferred revenue is recognized over the loan tenure. The company's assets were pledged as collateral for the loan. This loan was fully paid by 31 December, 2021.

BOI/Fidelity Bank loan: In October 2016, the Company received a 10% N1.230 billion loan under the BOI Fund facilitated by Fidelity Bank for the purpose of financing the procurement of items of plant and machinery towards the expansion of oil palm processing plant in Obaretin, Edo State. The loan has a tenor of six and half years inclusive of 18 months moratorium. Using imputed market interest rates of 14% for an equivalent loan of 10%, the fair value of the loan is estimated at N1.112billion. The difference of N116million between the gross proceeds and the fair value of the loan is the benefit derived from the below-market interest rate loan and is recognised as deferred revenue (see note 29.1). The deferred revenue is recognized over the loan tenure. There is a bank guarantee to secure the loan and interest charges on a continuous basis. In April, 2020, a COVID19 relief package was granted on account of this loan. Hence, reducing the interest rate for the next one year to 8%.

STANBIC IBTC Bank Loan: This is made up of two loans, one for N5 billion granted in 2017 with a tenor of 5 years and the other one for N2 billion with a tenor of 7 years. Both loans were granted to finance the expansion of the Company's agro-industrial investments. The interest rate for both loans is 16%.

GT Bank Loan: The Company secured a 9% long term loan of N5 billion under the CBN Real Sector Support Facility through the Differentiated Cash Reserves Requirement (DCRR). The loan has a tenor of 7 years (inclusive 2 years moratorium period). The loan was granted to part finance oil palm plantation development on 8,000 hectares of land in Edo State. The deferred revenue is recognized over the loan tenure. The interest rate was reduced to 5% effective March, 2020.

Stanbic Bridge to bond: N10 billion drawn in September, 2021 is to part-finance the purchase of Siat Shares in SNL. The interest rate is 15.5% with a maturity date of 31st March 2022.

GT Bank bridge bond: The facility of N3 billion drawn in September, 2021 is to part-finance the purchase of Siat Shares in SNL. The interest rate is 16% with a maturity date of 31st March 2022.

Notes to the financial statements

27.1 Summary of borrowing arrangements (cont'd)

Zenith Bank bridge bond: The facility of N10 billion drawn in October, 2021 is to part-finance the purchase of Siat Shares in SNL. The interest rate is 15% with a maturity date of 31st March 2022.

Zenith bank loan: In September 2018, Zenith bank offered the company CBN Differentiated Cash Reserve Requirement facility to finance operations. The total amount offered was N3 billion for a tenor of 72 months (inclusive of moratorium) at an interest rate of 9% per annum and later reviewed downward to 5% in May 2020. This was not disbursed until June 2019.

Stanbic IBTC bank loan: In March 2018, Stanbic IBTC bank offered the Company a loan for capital expenditures related to the company's agro-industrial investments. The total amount offered was NGN 5.3 billion. The interest rate for the loan is 18% and the loan is for a duration of 78 months (inclusive of moratorium). In addition, in May 2018, Stanbic IBTC offered the Company a loan for capital expenditure. The total amount offered was N2.5 billion. The interest rate for the loan is 18% and the loan is for a duration of 78 months (inclusive of moratorium). Finally, in July 2018, Stanbic IBTC offered Siat (Nigeria) Ltd loan for capital expenditure. The total amount offered and disbursed was N950 million. The interest rate for the loan is 18% and the loan is for a duration of 78 months (inclusive of moratorium). Subsequently, in October 2019 all rates were reviewed downward to 16% and further reduced to 12% in March 2020. Security provided includes letter of comfort from Siat Brussels.

Fidelity bank loan: In October 2018, Fidelity Bank Plc offered the Company a term loan facility to finance the construction, clearing, hiring of equipment, planting/replanting and maintenance of palm plantations. The total amount offered and drawn down was N2 billion for a tenor of 48 months. Securities provided includes letter of comfort from Siat Group Brussels and undertaken to domicile export proceeds with the bank. Interest rate for the loan is 23% and later reviewed downward to 16% in May 2020.

Letters of credit obligation: The Company opens letters of credit with its banks for the settlement of invoices emanating from the importation of raw materials, spare parts and machinery.

At 31 December 2021, the group has confirmed letters of credit open with all its banks of which NGN 0.93 billion (2020: Nil) has crystalised as an obligation against the company to the bank and this has been recorded as a borrowing in this financial statements." The letter on credit obligation includes NGN 0.92 billion of the parent company in 2021.

The group has overdraft from Zenith Bank, Fidelity Bank Plc, Union Bank, Stanbic and First Bank Limited. These facilities were used to finance operating expenses, maintenance of equipment and other working capital requirements

27.2 Breach of loan agreement

There was no breach of loan agreement during and at the year 2021 (2020: nil).

Notes to the financial statements

		Group		Company	
		31 Dec. 2021 N'000	31 Dec. 2020 N'000	31 Dec. 2021 N'000	31 Dec. 2020 N'000
28	**Bank overdrafts**				

	Secured borrowing at amortized cost				
	Guaranty Trust Bank Plc	-	-	-	692,616
	Access Bank Plc	51	-	51	363,911
		51	-	**51**	**1,056,527**
	Unsecured borrowing at amortised cost				
	Stanbic IBTC Plc	1,004,692	-	-	1,440,630
	First Bank Limited	1,778,996	-	781,794	775,685
	Fidelity Bank Plc	736,012	-	-	927,238
	United Bank of Africa Plc	14,500	-	14,500	474,930
	Zenith Bank Plc	2,121,008	-	1,148,896	1,689,144
		5,655,208		**1,945,190**	**5,307,627**
	Total bank overdrafts	**5,655,259**		**1,945,241**	**6,364,154**
29	**Deferred Income**				
	Arising from government grant	403,048	-	403,048	706,833
	Arising from customers' advance	879,543		879,543	27,021
		1,282,591	-	**1,282,591**	**733,854**
29.1	**Government grant**				
	At 1 January	706,833	-	706,833	911,839
	Additions from consolidation	-	-	-	-
	Recognized in profit or loss	(303,785)	-	(303,785)	(205,006)
	At 31 December	**403,048**	-	**403,047**	**706,833**
	Included in the statement of financial position as:				
	Current	826,675	-	826,675	267,489
	Non-current	455,916	-	455,916	466,365
		1,282,591	-	**1,282,591**	**733,854**

29.2 The government grant arises as a result of the benefit received from below-market-interest rate government assisted loans granted to date. The credit is recognized in the profit or loss account over the tenor of the loan.

Notes to the financial statements

30 Lease liabilities

30.1 Lease arrangements

The group leased certain of its landed properties under the finance leases. The average terms of the lease terms ranges from 25 years to 99 years. The group has option to purchase the land for a nominal amount at the end of the lease terms. The leases are secured by the lessors' title to the leased assets.

Interest rates underlying all leases are fixed on the respective contract dates at 3.66% to 23.9% per annum.

30.2 Included in the statement of financial position as:

	The Group		The Company	
Finance Lease under IFRS 16	**31-Dec-21**	**31-Dec-21**	**31-Dec-21**	**31-Dec-20**
	N 000	**N 000**	**N 000**	**N 000**
Current	53,461		33,506	33,506
Non-Current	2,511,775		186,527	186,529
	2,565,236	**-**	**220,033**	**220,035**

30.3 Below is the lease movement during the year:

	The Group		The Company	
	31-Dec-21	**31-Dec-21**	**31-Dec-21**	**31-Dec-20**
	N 000	**N 000**	**N 000**	**N 000**
At 1 January	220,035	-	220,035	220,037
Addition from consolidation	2,363,756	-	-	-
Lease payment from subsidiary	(18,553)	-	-	-
Payments made during the year	(38,850)	-	(38,850)	(38,850)
Lease payments accrued for during the year	(3,001)	-	(3,001)	(3,001)
Accrued lease liabilities for prior year paid during the year	600	-	600	600
Interest on lease liabilities	41,249	-	41,249	41,249
At 31 December	**2,565,236**	**-**	**220,033**	**220,035**

30.4 Maturity analysis:

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be made after the reporting date.

	The Group		The Company	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
	N'000	**N'000**	**N'000**	**N'000**
Year 1	61,206	-	41,251	41,251
Year 2 to 5	334,475	-	165,005	165,005
Onwards	5,229,981	-	3,074,203	3,115,454
	5,625,662	**-**	**3,280,459**	**3,321,710**
Less: unearned interest	(3,060,427)	-	(3,060,427)	(3,101,675)
Total	**2,565,236**	**-**	**220,033**	**220,035**

Notes to the financial statements

		The Group		The Company	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		N'000	N'000	N'000	N'000
31	**Current tax liabilities**				
	At 1 January	628,181	-	628,181	1,562,333
	Charge for the year	5,290,087	-	5,290,087	1,115,088
		5,918,268	-	**5,918,268**	**2,677,421**
	Payment during the year	(520,364)	-	(520,364)	(2,049,240)
		5,397,904	-	**5,397,904**	**628,181**
31.1	**Deferred tax**				
	At 1 January	9,055,816	-	9,055,816	6,784,632
	Charge for the year	1,890,349	-	1,838,268	2,271,184
	At 31 December				
		10,946,165		**10,894,084**	**9,055,816**

31.2 Reconciliation of the deferred tax

The Group

31-Dec-21	At 1 January N '000	Recognised in profit or loss N '000	Recognised in OCI N '000	At 31 December N '000
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment	7,083,498	2,885,584	-	9,969,082
ROU assets @ 30%	421,326	(421,326)		-
Other provisions	(10,019)	(100,017)	-	(110,036)
Biological assets	2,081,353	(181,258)	-	1,900,095
Provisions for retirement benefits	(281,612)	(49,559)	124,604	(206,567)
Exchange difference	(238,730)	(367,680)	-	(606,410)
	9,055,816	**1,765,744**	**124,604**	**10,946,165**

The Company

31-Dec-21	At 1 January N '000	Recognised in profit or loss N '000	Recognised in OCI N '000	At 31 December N '000
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment	7,083,498	2,885,584	-	9,969,082
ROU assets @ 30%	421,326	(421,326)		-
Other provisions	(10,019)	(100,017)	-	(110,036)
Biological assets	2,081,353	(181,258)	-	1,900,095
Provisions for retirement benefits	(281,612)	(49,559)	72,523	(258,647)
Exchange difference	(238,730)	(367,680)	-	(606,410)
	9,055,816	**1,765,744**	**72,523**	**10,894,084**
31-Dec-20				
Deferred tax (liabilities)/assets in relation to:				
Property, plant and equipment @ 30%	5,219,983	1,863,514	-	7,083,497
ROU assets @ 30%	474,710	(53,383)	-	421,327
Biological assets	1,527,743	553,610	-	2,081,353
Provisions for retirement benefits	(208,215)	(31,247)	(42,150)	(281,612)
Other provisions	(21,196)	11,177	-	(10,019)
Exchange difference	(208,393)	(30,337)	-	(238,730)
	6,784,632	**2,313,334**	**(42,150)**	**9,055,816**

Notes to the financial statements

		The Group		The Company	
		31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
		N'000	N'000	N'000	N'000
32	**Trade and other payable**				
	Trade payables	1,113,032	-	772,019	1,715,763
	Accruals	2,375,980	-	240,286	221,589
	Sundry creditors	1,027,892	-	898,082	1,451,029
	Intercompany payables	27,669,439	-	24,183,021	7,346,181
	Unclaimed dividend	654,557	-	654,557	806,774
		32,840,900	**-**	**26,747,965**	**11,541,336**
32.1	**Financial Instruments:**				
	Trade Payables	1,113,032		772,019	1,715,763
	Accruals	2,375,980		240,286	221,589
		3,489,012		**1,012,305**	**1,937,352**
32.2	**Non-Financial Instruments**				
	Sundry creditors:				
	Other statutory taxes	204,327	-	132,872	139,956
	Withholding tax payable	762,654	-	734,591	1,271,102
	Value added tax (VAT)	60,911	-	30,619	39,972
		1,027,892	**-**	**898,082**	**1,451,029**
	Financial instrument and non-financial instrument components of trade and other payables:				
	At amortised cost	3,489,012	-	1,012,305	1,937,352
	Non-financial instruments	1,027,892	-	898,082	1,451,029
		4,516,904	**-**	**1,910,387**	**3,388,381**

32.3 Intercompany payables

The details of intercompany balances are disclosed under related party transactions on note 35.

32.4 Unclaimed dividend

The list of the unclaimed dividend is attached to the annual report and Accounts 2021 and can be found in the company's website www.presco-plc.com

Notes to the financial statements

32.4a Paid dividends in the last 2 years

The following dividends were paid by the Company for the respective years indicated:

	The Group		The Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	N'000	N'000	N'000	N'000
Balance at 1 January	806,774		806,774	755,705
Dividend declared with respect to prior year	3,000,000		3,000,000	2,000,000
Payments during the year to Registrars	(3,000,000)		(3,000,000)	(2,000,000)
Unclaimed dividend received from Registrars (see (ii) below)	-		-	51,069
Unpaid dividend reclassified from accruals	682,433		682,433	-
Dividend below 15 (fifteen) months receivable from the registrar if unclaimed (see (iii) below)	(572,801)		(572,801)	-
Statute barred dividend transferred to retained earnings (see (i) below)	(5,075)		(5,075)	-
Unclaimed dividend invested	(256,774)		(256,774)	-
Balance at 31 December	**654,557**	-	**654,557**	**806,774**

The balance as at year end is included in trade and other payables (Note 32).

i Unclaimed dividends received and transferred to retained earnings (statute barred dividends) represent dividends which have remained unclaimed for over twelve (12) years and are therefore no longer recoverable or actionable by the shareholders in accordance with section 385 of the Companies and Allied Matters Act, Cap. C20, Laws of the Federal Republic of Nigeria, 2004. It was N157.28 million at December 2021 (2020: Nil).

ii In accordance with the Securities and Exchange Commission (SEC) circular published in 2015, all Capital Market Registrars are to return unclaimed dividends which have been in their custody for fifteen (15) months and above to the paying companies. The Company received Nil (2020: N51.07 million) from First Registrars Limited during the year.

iii As at 31 December 2021 no dividend payable was held with the Company's registrar, First Registrars and Investor Services Limited (31 December 2020, Nil).

iv The list of unclaimed dividend is attached to the notice of the annual general meeting/annual report and accounts 2021 and can be found in the company's website www.presco-plc.com.

33 Contract liabilities (Arising from customers' advance)

The contract liabilities primarily relate to the advance consideration received from customers for the purchase of crude and refined products, mill by-products and fresh fruit bunches (FFB) for which revenue would be recognised over time when the performance obligation is satisfied.

The amount was N879 million at 31 December 2021 (2020: N27.02million). See Note 29."

Notes to the financial statements

34 Earnings per share from continuing operations

Basic earnings per share (EPS) is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares outstanding at the end of the reporting period.

	The Group		The Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Net profit attributable to equity holders of the company (N'000)	19,319,953	-	19,821,497	5,261,929
Earnings per share excluding discontinued operations (N'000)	**19,319,953**	**-**	**19,821,497**	**5,261,929**

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

	The Group		The Company	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Weighted average number of shares ('000)	1,000,000	-	1,000,000	1,000,000
Basic (Kobo/share)	1,932	-	1,982	526
Diluted (Kobo/share)	**1,932**	**-**	**1,982**	**526**

Diluted EPS is the same as basic earnings per share as there are no potential dilutive ordinary shares or transactions.

35 Related party transactions

35.1 Trading transactions

Details of transactions and outstanding balances between the company and its related parties during the period are disclosed below:

The Group

	Sales of goods and services		Purchases of goods and services	
	31 Dec. 2021 N'000	31 Dec. 2020 N'000	31 Dec. 2021 N'000	31 Dec. 2020 N'000
SIAT Nigeria Limited	-	-	-	-
NV SIAT SA	3,895,687	2,010,784	1,018,603	3,021,554
SIAT Gabon	96,204	87,804	-	-
Ghana oil Palm Development Company (GOPDC) Limited	295,191	78,352	70,603	60,949
Siat Cambodia	-	2,145	-	-
Compagnie Heveicole de Cavally	-	-	-	-
	4,287,082	**2,179,085**	**1,089,206**	**3,082,503**

Notes to the financial statements

35.1 Trading transactions (cont'd)

The following balances were outstanding at the end of the reporting period:

	Due from related parties		Due to related parties	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	N'000	N'000	N'000	N'000
SIAT Nigeria Limited	-	-	-	-
NV SIAT SA	6,877,362	-	27,669,439	-
SIAT Gabon	-	-	-	-
Ghana oil Palm Development Company (GOPDC) Limited	1,178	-	-	-
Compagnie Hévéicole de Cavally	-	-	-	-
Cambodia	-	-	-	-
SWIFT Rubber	-	-	-	-
	6,878,540	-	27,669,439	-

The Company

	Sales of goods and services		Purchases of goods and services	
	31 Dec. 2021	31 Dec. 2020	31 Dec. 2021	31 Dec. 2020
	N'000	N'000	N'000	N'000
SIAT Nigeria Limited	4,135,521	2,864,515	1,409,366	2,045,737
NV SIAT SA	3,895,687	2,010,784	1,018,603	3,021,554
SIAT Gabon	96,204	87,804	-	-
Ghana oil Palm Development Company (GOPDC) Limited	295,190	78,352	70,603	60,949
Siat Cambodia	-	-	-	-
Compagnie Heveicole de Cavally	-	-	-	-
	8,422,602	5,041,455	2,498,572	5,128,240

The following balances were outstanding at the end of the reporting period:

	Due from related parties		Due to related parties	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	N'000	N'000	N'000	N'000
SIAT Nigeria Limited	863,611	517,842	-	-
NV SIAT SA	6,763,829	5,176,017	24,183,021	7,346,181
SIAT Gabon	-	-	-	-
Ghana oil Palm Development Company (GOPDC) Limited	1,178	-	-	-
Compagnie Hévéicole de Cavally	-	-	-	-
Cambodia	-	-	-	-
SWIFT Rubber	-	-	-	-
	7,628,618	5,693,859	24,183,021	7,346,181

Sales and purchases of goods and services were done at prevailing market prices. The outstanding balances are unsecured and will be settled in cash. No guarantee has been given or received. No expense has been recognised in the current or prior year for bad debts in respect of amounts owed by related parties.

35.2 Loans to related parties

a **NV SIAT SA, Belgium**

Presco Plc is a subsidiary of NV SIAT SA, Belgium, with 60% holding. The company had some transactions with NV SIAT SA during the course of the financial year. N7.427 billion was due from NV SIAT SA to Presco when N24.84 billion was due from Presco to NV SIAT SA during the year. The seconded staff included in Note 14 relates to the salaries of staff seconded from NV SIAT SA to the company.

Notes to the financial statements

35.2 Loans to related parties (cont'd)

b Ghana oil Palm Development Company (GOPDC) Limited

Ghana oil Palm Development Company Limited is a related company to Presco Plc. There was a closing balance of N1.18 million in favour of Presco Plc at the end of the year. NV SIAT SA, Belgium (the parent company of Presco) is also the parent company of Ghana oil Palm Development company limited.

c SIAT Gabon

SIAT Gabon is a related company of Presco Plc. There was no transaction between the companies during the year. NV SIAT SA, Belgium (the parent company of Presco) is also the parent company of SIAT Gabon.

d Compagnie Heveicole de Cavally, Ivory Coast

Compagnie Heveicole de Cavally, Ivory Coast is a related company to Presco Plc. There was no transaction between the companies during the year. NV SIAT SA, Belgium (the parent company of Presco) is also the parent company of Compagnie Heveicole de Cavally.

e Siat Cambodia

Siat Cambodia is a related company to Presco Plc. There was no transaction material transactions between the companies during the year. NV SIAT SA, Belgium (the parent company of Presco) is also the parent company of Siat Cambodia.

f SWIFT Rubber

SWIFT Rubber is a related company to Presco Plc. There was no transactions between the companies during the year. NV SIAT SA, Belgium (the parent company of Presco) is also the parent company of SWIFT Rubber.

	31-Dec-21	**31-Dec-20**
The remuneration of key management personnel was as follows:	**N'000**	**N'000**
Short-term benefits	96,984	78,584
Post-employment benefits	6,247	8,045
Other long term benefits	3,285	4,851
	106,516	91,480

The remuneration of key management personnel is determined by remuneration committee having regard to the performance of individuals and market trends.

	The Group		**The Company**	
	31-Dec-21	**31-Dec-20**	**31-Dec-21**	**31-Dec-20**
36 Directors	**N'000**	**N'000**	**N'000**	**N'000**
Directors renumeration and fees	117,964	-	114,444	94,072
Others	55,343	-	55,343	21,850
	173,307	-	169,787	115,922
Fees and other emoluments disclosed above include amount paid to:				
Chairman	9,000	-	6,000	6,000
Other director	108,964	-	108,444	88,072
	117,964	-	**114,444**	**94,072**

Notes to the financial statements

36 Directors (cont'd)

The number of directors excluding the Chairman whose emoluments were within the following ranges:

From	To	Number	Number
600,000	- 610,000		
611,000	- 700,000		
1,320,000	- 1,330,000	10	10
1,450,000	- 1,460,000	1	1
1,500,000	- Above		
		11	11

37 Employees	The Group 31-Dec-21 N'000	The Group 31-Dec-20 N'000	The Company 31-Dec-21 N'000	The Company 31-Dec-20 N'000
Salaries, wages and other allowances	1,490,743	-	1,346,218	1,232,598
Pension	-	-	-	-
Gratuity	79,298	-	78,078	61,174
Long service awards	18,000	-	18,000	6,592
	1,588,041	**-**	**1,442,296**	**1,300,364**
Average number of persons employed during the year:	**Number**	**Number**	**Number**	**Number**
Management staff	52	-	37	36
Senior staff	264	-	158	126
Junior staff	883	-	479	491
	1,199	**-**	**674**	**653**

The table below shows the salary band and the number of the employees of the group, other than employees who discharged their duties wholly or mainly outside Nigeria during the year.

From	To	The Group Number	The Company Number	Number
-	- 70,000	-	-	-
70,001	- 400,000	-	-	-
400,001	- 500,000	-	-	-
500,001	- 600,000	-	-	12
600,001	- 700,000	166	166	467
700,001	- 800,000	670	217	12
800,001	- 900,000	87	87	-
900,001	- 1,000,000	9	9	49
1,000,001	- 1,100,000	-	-	13
1,100,001	- 1,200,000	81	81	-
1,200,001	- 1,300,000	1	1	41
1,300,001	- 1,400,000	104	47	2
1,400,001	- 1,500,000	5	5	11
1,500,001	- 1,600,000	-	-	9
1,600,001	- 1,700,000	21	21	1
1,700,001	- 1,800,000	3	3	-
1,800,001	- 1,900,000	-	-	-
1,900,001	- 2,000,000	-	-	-
2,000,001	- 3,000,000	45	30	25
3,000,001	- 4,000,000	4	4	8
4,000,001	- 5,000,000	3	3	3
		1,199	**674**	**653**

Notes to the financial statements

38 Contingent Labilities

The Group is the defendant in various lawsuits arising from normal course of business. There were contingent liabilities as at 31 December 2021 in respect of pending litigations estimated at N0.130 billion (2020: estimated N0.173 billion). In the opinion of the directors and based on independent legal advice obtained from the group's solicitors, the group is not expected to suffer any material loss arising from these claims. Thus, no provision has been made in these financial statements.

39 Financial commitments

In the normal course of business, the company uses letters of credit to import materials. The total value of open letters of credit as at 31 December was N1.14 billion (2020: N1.41 billion) out of which N709.8 million is contingent.

40 Capital commitments

There were no capital expenditure authorized by the Board that were not provided for in these financial statements (2020-Nil).

41 Cashflow Adjustments

41.1 Working capital movement in cashflow

The Group	**Inventories**	**Trade & Other Receivables**	**Trade & Other payables**	**Deferred Income**
	N '000	**N '000**	**N '000**	**N '000**
Balance at 1 January 2021	(3,549,206)	(6,962,760)	(11,541,336)	(733,854)
Balance from acquisition	(1,062,388)	(2,941,202)	(6,850,938)	22,141
Adjusted opening balance	**(4,611,594)**	**(9,903,962)**	**(18,392,273)**	**(711,713)**
Adjustment in trade payables			(244,153)	-
Unpaid investment of SNL	-	-	(19,991,427)	-
Balance at 31 December 2021	4,195,922	10,081,412	32,840,900	1,282,591
Operating cashflow adjustment	**(415,672)**	**177,450**	**(5,786,953)**	**570,878**

The Company		**31-Dec-21**		
	Inventories	**Trade & Other Receivables**	**Trade & Other payables**	**Deferred Income**
	N '000	**N '000**	**N '000**	**N '000**
Balance at 1 January 2021	(3,549,206)	(6,962,760)	(11,541,335)	(733,854)
Balance at 31 December 2021	3,919,619	9,509,148	26,747,965	1,282,591
Unpaid investment of SNL	-	-	(19,991,427)	-
Adjustment in trade payables	-	-	(22,816)	-
Operating cash flows adjustment	**370,413**	**2,546,388**	**(4,807,613)**	**548,737**

		31-Dec-20		
	Inventories	**Trade & Other Receivables**	**Trade & Other payables**	**customer advanced Income**
	N '000	**N '000**	**N '000**	**N '000**
Balance at 1 January 2021	3,329,438	6,793,152	8,180,957	27,021
Balance at 31 December 2021	(3,549,206)	(6,962,760)	(11,541,335)	(879,543)
Operating cash flows adjustment	**(6,878,644)**	**(13,755,912)**	**(19,722,292)**	**(852,522)**

42 Events after the reporting period

By a written resolution of the Directors of Presco Plc dated 27 April 2022 it was resolved that a final dividend of N6.60 per 50 kobo share amounting to N6.6 billion (2020: N2billion) be recommended for declaration by the members of the Company at the next general meeting of the Company. No provision for the dividend is recognised in the financial statements for the year then ended because, dividend is recognised as a liability in the period it is approved by shareholders.

There are no other events after the reporting date which would have had any material effect on the statement of financial position as at 31 December 2021 and on the profit for the year then ended.

43 Approval of the Financial Statements

The financial statements have been approved for issue in accordance with the resolution of the Board of Directors on 27 April 2022.

Other National Disclosures
Statements of value added

	The Group			The Company			
	31-Dec-21		31-Dec-20	31-Dec-21		31-Dec-20	
	N ' 000	%	N ' 000	N ' 000	%	N ' 000	%
Revenue	47,426,435			47,112,445		23,891,766	
Other operating income/(loss)	(126,743)			271,714		408,861	
	47,299,692		-	**47,384,158**		**24,300,627**	
Bought in goods and services:							
- Imported	(9,161,314)			(9,161,314)		(5,724,757)	
- Local	(3,782,975)			(4,642,440)		(4,926,547)	
Value added							
	34,355,404	100	-	**33,580,404**	**100**	**13,649,323**	**100**
Applied as follows:							
To pay employees:							
Salaries, wages and other benefit	1,588,041	4.6		1,442,296	4.3	1,300,364	9.5
To pay Government:							
Income and education taxes	5,290,087	15.4		5,290,087	15.8	1,115,088	8.2
To pay providers of capital:							
Interest expenses	2,579,982	7.5		1,772,336	5.3	1,918,292	14.1
Dividend	1,000,000	2.9		1,000,000	3.0	-	-
To provide for asset replacement and expansion:							
Depreciation of PPE	2,618,307	7.6		2,392,065	7.1	1,759,029	12.9
Depreciation of Right-to-use assets	39,123	0.1		23,390	0.1	23,390	0.2
Amortization of Intangible assets	29,561	0.1		466	0.0	47	0.0
Deferred tax	1,890,349	5.5		1,838,268	5.5	2,271,184	16.6
Profit or loss account	19,319,953	56.2		19,821,497	59.0	5,261,929	38.6
	34,355,404	**100**		**33,580,404**	**100**	**13,649,323**	**100**

Five-year financial summary

	The Company				
	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17
	N ' 000	N ' 000	N ' 000	N ' 000	N ' 000
Assets / (Liabilities)					
Intangible assets	16,409	74	121	826,845	352,043
Property, plant and equipment	53,704,380	52,109,564	48,211,859	42,345,519	28,122,101
Right-of-use assets	1,601,066	1,624,456	1,647,846	-	-
Biological assets (BA)	12,784,291	6,937,844	5,092,477	3,260,413	5,892,483
Investment in subsidiaries	23,000,000	-	-	-	-
Net Current Assets (excluding BA)	(25,261,508)	(12,162,880)	(10,228,757)	(8,962,768)	(1,354,922)
Non-current Liabilities	(17,821,150)	(17,457,604)	(16,835,670)	(13,295,666)	(11,137,169)
Total	**48,023,488**	**31,051,454**	**27,887,876**	**24,174,342**	**21,874,536**
Capital Employed:					
Share capital	500,000	500,000	500,000	500,000	500,000
Share premium	1,173,528	1,173,528	1,173,528	1,173,528	1,173,528
Other reserves	5,375	(140,088)	(41,737)	60,621	45,003
Retained earnings	46,344,585	29,518,014	26,256,085	22,440,193	20,156,005
Total	**48,023,488**	**31,051,454**	**27,887,876**	**24,174,342**	**21,874,536**
Statement of Comprehensive Income					
Revenue	47,112,445	23,891,766	19,723,641	21,344,730	22,365,372
Profit before taxation	26,879,814	8,690,351	6,059,683	6,321,010	1,578,547
Other Comprehensive Profit	145,463	(98,351)	(146,225)	22,311	1,060,789
Taxation	(7,058,317)	(3,428,422)	(2,220,937)	(2,036,822)	300,000
Profit after taxation	**19,821,497**	**5,261,929**	**3,736,388**	**4,299,806**	**5,683,760**
Declared dividend	3,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Per share data (Kobo):					
Basic and Diluted earnings per share	1,982	526	374	430	568
Net assets per share	4,802	3,105	2,789	2,417	2,187

Note

Earnings per share are based on profit after tax and the weighted average number of ordinary shares outstanding at the end of each financial year.

Net assets per share is based on net assets and the number of issued and fully paid ordinary shares at the end of each financial year.