Vitafoam Nigeria Plc.
Consolidated and separate financial statements
for the year ended 30 September, 2016

Directors	Mr. Bamidele O. Makanjuola	Chairman
	Mr Taiwo A. Adeniyi	Group Managing Director/CEO
	Mr. Abbagana M. Abatcha	Group Technical & Development Director
	Mr. Olatunji O. Anjorin	Group Corporate Services Director
	Mr. Sam N. Okagbue	Non- Executive Director
	Mr. Hassan Usman	Non- Executive Director
	Engr. (Mrs.) Florence O. Seriki	Non- Executive Director
	Mrs. Adeola Adewakun	Non- Executive Director

Registrar

Meristem Registrars Limited
213, Herbert Macaulay Way,
Adekunle, Yaba, Lagos

Auditors

Akintola Williams Deloitte
Chartered Accountants
Civic Towers Plot GA 1,Ozumba
Mbadiwe Avenue, Victoria Island, Lagos

Registered office

140, Oba Akran Avenue
Industrial Estate Ikeja
Lagos, Nigeria
Website: www.vitafoam.com.ng

Bankers

Zenith Bank Plc.
First Bank of Nigeria Limited
United Bank for Africa Plc
Wema Bank Plc
Access Bank Plc
Union Bank of Nigeria Plc

Company Secretary

Mr. Olalekan Sanni

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Statement of Directors' responsibilities

The Directors of **Vitafoam Nigeria 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 the Company as at 30 September 2016, 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 piolicies;
- 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 and Company's financial position and financial performance; and
- making an assessment of the Group's ability to continue as a going concern.

The Directors are also responsible for:

- designing, implementing and maintaining an effective and sound system of internal controls throughout the Group and Company;
- maintaining adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at anytime the financial position of the Group and Company, and which enable them to ensure that the financial statements of the Group and Company comply with IFRS;
- maintaining statutory accounting records in compliance with the legislation of Nigeria and IFRS;
- taking such steps as are reasonably available to them to safeguard the assets of the Group and Company; and
- preventing and detecting fraud and other irregularities.

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 and Company will not remain a going concern in the year ahead.

The consolidated and separate financial statements of the Group and Company for the year ended 30 September 2016 were approved by the directors on 15 December, 2016.

Signed on behalf of the Directors of the Group:

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

Mr. Olatunji O. Anjorin
Director
FRC/2014/CIPMIN/000000010310

Deloitte.

P.O. Box 965
Marina
Lagos
Nigeria

Akintola Williams Deloitte
Civic Towers
Plot GA 1, Ozumba Mbadiwe Avenue
Victoria Island
Lagos
Nigeria

Tel: +234 (1) 904 1700
www.deloitte.com.ng

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

VITAFOAM NIGERIA PLC.

Report on the Financial Statements

We have audited the accompanying consolidated and separate financial statements of **Vitafoam Nigeria Plc. ("the Company") and its subsidiaries (together referred to as "the Group")** which comprise the consolidated and separate statement of financial position as at 30 September 2016, the consolidated and separate statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these consolidated and separate financial statements in accordance with the Companies and Allied Matters Act CAP C20 LFN 2004, the Financial Reporting Council of Nigeria Act, 2011, the International Financial Reporting Standards 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of **Vitafoam Nigeria Plc.** and its Subsidiaries as at 30 September 2016 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, the Companies and Allied Matters Act CAP C20 LFN 2004 and the Financial Reporting Council of Nigeria Act, 2011.

Other reporting responsibilities

In accordance with the Sixth Schedule of Companies and Allied Matters Act CAP C20 LFN 2004 we expressly state that:

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

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

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

Lawal Hassan, FCA – FRC/2013/ICAN/00000001382
For: Akintola Williams Deloitte
Chartered Accountants
Lagos, Nigeria
30 **December 2016**

INSTITUTE OF CHARTERED ACCOUNTANTS OF NIGERIA
36/ICAN
0068873

Consolidated and separate statement of profit or loss and other comprehensive income

		Group		Company	
	Note(s)	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000
Revenue	6	13,569,873	16,853,042	12,189,558	15,155,102
Cost of sales	8	(8,907,984)	(11,752,983)	(8,214,891)	(10,931,006)
Gross profit		**4,661,889**	**5,100,059**	**3,974,667**	**4,224,096**
Other gains and losses	7	295,445	779,268	269,237	732,947
Administrative expenses	9	(3,437,284)	(3,815,602)	(2,398,936)	(2,943,265)
Distribution costs	10	(632,050)	(914,874)	(616,050)	(838,003)
Operating profit		**888,000**	**1,148,851**	**1,228,918**	**1,175,775**
Finance income	12	68,257	79,572	68,257	79,572
Finance costs	11	(895,059)	(1,015,326)	(774,418)	(765,891)
Profit before taxation		**61,198**	**213,097**	**522,757**	**489,456**
Taxation	13	(93,230)	(285,078)	(110,371)	(292,816)
(Loss)/profit for the year		**(32,032)**	**(71,981)**	**412,386**	**196,640**
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Remeasurements on net defined benefit liability/asset	43	(186,560)	41,885	(186,560)	104,891
Gain/loss on business combination	44	187,754	-	187,754	-
Total items that will not be reclassified to profit or loss		**1,194**	**41,885**	**1,194**	**104,891**
Items that may be reclassified to profit or loss:					
Exchange differences on translating foreign operations	43	(167,617)	257,356	-	-
Other comprehensive income for the year net of taxation		**(166,423)**	**299,241**	**1,194**	**104,891**
Total comprehensive (loss)\ income for the year		**(198,455)**	**227,260**	**413,580**	**301,531**
(Loss)\profit attributable to :					
Owners of the parent		(39,272)	(36,708)	412,386	196,640
Non-controlling interest		7,240	(35,273)	-	-
		(32,032)	**(71,981)**	**412,386**	**196,640**
Total comprehensive income attributable to					
Owners of the parent		(205,695)	310,485	413,580	301,531
Non-controlling interest		7,240	(83,225)	-	-
Total comprehensive income for the year		**(198,455)**	**227,260**	**413,580**	**301,531**
Earnings per share					
(Loss)/Basic earnings per share (kobo)	30	(3.88)	(3.74)	40.73	20.01

The accounting policies on pages 10 to 22 and the notes on pages 23 to 63 form an integral part of the consolidated and separate financial statements.

Consolidated and separate statement of financial position as at 30 September, 2016

		Group		Company	
	Note(s)	2016 N '000	Restated 2015 N '000	2016 N '000	Restated 2015 N '000
Assets					
Non-Current Assets					
Property, plant and equipment	15	3,828,622	4,512,483	2,443,814	2,666,278
Intangible assets	16	50,763	50,575	50,763	48,181
Investment property	17	353,168	367,205	353,168	367,205
Investments in subsidiaries	41	-	-	911,877	562,488
Available for-sale financial assets	18	17,768	15,114	17,768	15,114
		4,250,321	**4,945,377**	**3,777,390**	**3,659,266**
Current Assets					
Inventories	19	4,491,983	4,464,612	3,254,293	3,033,468
Trade and other receivables	20	1,815,651	2,826,618	3,614,983	4,696,606
Other assets	21	798,920	168,482	702,970	140,645
Current tax receivable		7,395	-	-	-
Cash and Bank	22	284,211	443,547	179,053	204,754
		7,398,160	**7,903,259**	**7,751,299**	**8,075,473**
Non-current assets held for sale	42	1,697,065	919	1,570,043	-
Total Assets		**13,345,546**	**12,849,555**	**13,098,732**	**11,734,739**
Equity and Liabilities					
Equity					
Equity Attributable to Equity Holders of Parent					
Share Capital	28	521,035	491,400	521,035	491,400
Share premium	28	3	3	3	3
Reserves		493,640	192,268	526,341	(37,048)
Retained earnings		2,565,725	3,092,016	3,327,844	3,348,477
		3,580,403	3,775,687	4,375,223	3,802,832
Non-controlling interest		(71,945)	(462,297)	-	-
		3,508,458	**3,313,390**	**4,375,223**	**3,802,832**
Liabilities					
Non-Current Liabilities					
Borrowings	23	1,096,162	1,339,188	165,354	619,766
Deferred tax	25	400,490	378,222	423,216	385,959
Retirement benefit obligation	26	364,818	191,394	364,818	169,506
Deferred income	24	-	69,593	-	-
		1,861,470	**1,978,397**	**953,388**	**1,175,231**
Current Liabilities					
Current tax payable	14	279,218	378,307	273,889	357,757
Trade and other payables	27	2,051,902	4,127,255	1,936,400	3,635,386
Borrowings	23	5,626,624	3,046,662	5,541,958	2,763,533
Deferred income	24	17,874	5,544	17,874	-
		7,975,618	**7,557,768**	**7,770,121**	**6,756,676**
Total Liabilities		**9,837,088**	**9,536,165**	**8,723,509**	**7,931,907**
Total Equity and Liabilities		**13,345,546**	**12,849,555**	**13,098,732**	**11,734,739**

The consolidated and separate financial statements were approved by the board on 15th December, 2016 and were signed on its behalf by:

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

Director
Mr. Olatunji O. Anjorin
FRC/2014/CIPMN/00000010310

Chief Financial Officer
Olusola Babalola
FRC/2015/ICAN/00000011011

The accounting policies on pages 11 to 23 and the notes on pages 24 to 64 form an integral part of the consolidated and separate financial statements.

Consolidated and separate statement of changes in equity

	Share capital	Share premium	Foreign currency translation reserve	Other reserves	Fair value adjustment assets-available-for-sale reserve	Retained earnings	Total attributable to equity holders of the group / company	Non-controlling interest	Total equity
	N. '000	N. '000	N. '000	N. '000	N. '000	N. '000	N. '000	N. '000	N. '000
Group									
Balance at 1 October, 2014	**409,500**	**3**	**28,040**	**-**	**(37,048)**	**2,807,274**	**3,207,769**	**(178,701)**	**3,029,068**
Loss for the year	-	-	-	-	-	(36,708)	(36,708)	(35,273)	(71,981)
Other comprehensive income (Note 43)	-	-	257,356	-	-	41,885	299,241	-	299,241
Total comprehensive Loss for the year	**-**	**-**	**257,356**	**-**	**-**	**5,177**	**262,533**	**(35,273)**	**227,260**
Issue of bonus shares	81,900	-	-	-	-	-	81,900	-	81,900
* Changes in value of non-controlling interest	-	-	-	-	-	-	-	(219,587)	(219,587)
Translation adjustment	-	-	(56,080)	-	-	-	(56,080)	-	(56,080)
Adjustment on Vono	-	-	-	-	-	525,266	525,266	-	525,266
Dividends	-	-	-	-	-	(245,700)	(245,700)	(28,736)	(274,436)
Balance as at 1 October, 2015	**491,400**	**3**	**229,316**	**-**	**(37,048)**	**3,092,017**	**3,775,688**	**(462,297)**	**3,313,391**
Loss for the year	-	-	-	-	-	(39,272)	(39,272)	7,240	(32,032)
Other comprehensive income (Note 43)	-	-	(167,617)	187,754	-	(186,560)	(166,423)	-	(166,423)
Total comprehensive Loss for the year	**-**	**-**	**(167,617)**	**187,754**	**-**	**(225,832)**	**(205,695)**	**7,240**	**(198,455)**
Issue of shares to Vono Products Plc existing shareholders	29,785	-	-	-	-	-	29,785	-	29,785
Repurchase of Shares	(150)	-	-	-	-	-	(150)	-	(150)
Business combination (Note 44)	-	-	-	281,235	-	-	281,235	-	281,235
* Share premium adjustment	-	-	-	-	-	(759)	(759)	-	(759)
Change in non controlling interest as a result of Vono Product Plc	-	-	-	-	-	-	-	405,420	405,420
Dividends	-	-	-	-	-	(299,700)	(299,700)	(22,308)	(322,008)
Balance at 30 September, 2016	**521,035**	**3**	**61,699**	**468,989**	**(37,048)**	**2,565,726**	**3,580,404**	**(71,945)**	**3,508,459**

Separate statement of changes in equity

	Share capital N. '000	Share premium N. '000	Other reserves N. '000	Available-for-sale reserve N. '000	Retained earnings N. '000	Total equity N. '000
Company						
Balance as at October 1, 2014	**409,500**	**3**	**-**	**(37,048)**	**3,292,646**	**3,665,101**
Profit for the year	-	-	-	-	196,640	196,640
Other comprehensive income (Note 43)	-	-	-	-	104,891	104,891
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**301,531**	**301,531**
Issue of bonus shares	81,900	-	-	-	-	81,900
Dividends	-	-	-	-	(245,700)	(245,700)
Balance as at 1 October, 2015	**491,400**	**3**	**-**	**(37,048)**	**3,348,477**	**3,802,832**
Profit for the year	-	-	-	-	412,386	412,386
Other comprehensive income (Note 43)	-	-	187,754	-	(186,560)	1,194
Total comprehensive income for the year	**-**	**-**	**187,754**	**-**	**225,826**	**413,580**
Issue of shares to Vono Products Plc existing shareholders	29,785	-	-	-	-	29,785
Business combination (Note 44)	-	-	375,635	-	-	375,635
Repurchase of Shares	(150)	-	-	-	-	(150)
* Share premium adjustment	-	-	-	-	(759)	(759)
Dividends	-	-	-	-	(245,700)	(245,700)
Balance at 30 September, 2016	**521,035**	**3**	**563,389**	**(37,048)**	**3,327,844**	**4,375,223**

The accounting policies on pages 10 to 22 and the notes on pages 23 to 63 form an integral part of the consolidated and separate financial statements.

*Share premium adjustment relates to share premium in relation to share buy back from Chief omidiora.

Consolidated and separate statement of cash flows

		Group		Company	
	Note(s)	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000
Cash flows from operating activities					
Cash generated from (used in) operations	32	(1,751,125)	781,893	(1,371,346)	596,270
Tax (paid) received	14	(206,195)	(117,002)	(185,730)	(102,141)
Net cash from operating activities		**(1,957,320)**	**664,891**	**(1,557,076)**	**494,129**
Cash flows from investing activities					
Purchase of property, plant and equipment	15	(290,650)	(899,329)	(76,964)	(552,852)
Proceeds from sale of property, plant and equipment		12,242	27,044	11,689	7,744
Purchase of investment property	17	-	(1,860)	-	(1,860)
Purchase of investment in subsidiary		-	-	(349,389)	-
Purchase of other intangible assets	16	(12,365)	(21,591)	(15,724)	(18,665)
Sale of financial assets		(2,654)	-	(2,654)	-
Proceeds from sale of investment		-	44,462	-	44,462
Purchase of investment in quoted share		-	(888)	-	(888)
Interest Income		68,257	79,572	68,257	79,572
Net cash from investing activities		**(225,170)**	**(772,590)**	**(364,785)**	**(442,487)**
Cash flows from financing activities					
Share issued to Vono shareholders	28	29,635	-	29,635	-
Proceeds from borrowings		-	1,434,878	453,184	901,872
Repayment of borrowings		1,964,903	(634,472)	1,475,436	(277,282)
Dividends paid	31	(299,700)	(274,436)	(245,700)	(245,700)
Finance costs		(895,059)	(1,015,326)	(774,418)	(765,891)
Transfer between reserves		-	(847,921)	-	-
Transfer to NCI		383,112	1,097,520	-	-
Reserves arising from business combination		468,989	-	563,389	-
Share premium adjustment		(759)	-	(759)	-
Net cash from financing activities		**1,651,121**	**(239,757)**	**1,500,767**	**(387,001)**
Total cash movement for the year		**(531,369)**	**(347,456)**	**(421,094)**	**(335,359)**
Cash at the beginning of the year		(1,082,789)	(735,333)	(1,288,556)	(953,197)
Total cash at end of the year	22	**(1,614,158)**	**(1,082,789)**	**(1,709,650)**	**(1,288,556)**

The accounting policies on pages 10 to 22 and the notes on pages 23 to 63 form an integral part of the consolidated and separate financial statements.

Significant accounting policies

1.1 General information

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

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

The financial statements were authorised for issue by the Board of Directors on 15 December, 2016

1.2 Basis of measurement and preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) effective for the year ended 30 September 2016.

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 Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. The Directors believe that the underlying assumptions are appropriate and that these financial statements present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the note .

The financial statements have been prepared under the going concern assumption and historical cost convention as modified by the valuation of available-for-sale financial assets. The financial statements are presented in Nigeria Naira and all values are rounded to the nearest thousand Naira (NGN'000), except where otherwise indicated.

1.3 Summary of significant accounting policies

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

Consolidation

The financial statements of the subsidiaries used to prepare the consolidated financial statements were prepared as of the parent Company’s reporting date.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.They are deconsolidated from the date that control ceases.

The Company's subsidiaries' are listed below:

Vitafoam Ghana Limited

Vitafoam Sierra Leone Limited

Vitapur Nigeria Limited

Vitablom Nigeria Limited

Vitavisco Nigeria Limited

Vono Furnitures Products Limited

Vitagreen Nigeria Limited

Significant accounting policies

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition- by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed.

If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss. Inter-Company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits or losses resulting from inter-Company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Changes in ownership interests in subsidiaries without change in control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between the fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals of non-controlling interests are also recorded in equity.

Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in the carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for retained interest in an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity, are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are re-classified to profit or loss.

1.4 Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'Naira', which is the Group's presentation currency.

Significant accounting policies

1.4 Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within ‘finance income or cost’. All other foreign exchange gains and losses are presented in profit or loss within ‘other income or expenses’.

Foreign operations

Assets and liabilities for each period presented are translated at the closing rate at the date of that period. Income and expenses for each statement of profit or loss are translated at average exchange rates. Where Group companies have a functional currency different from the Group's presentation currency, the exchange differences arising on translation of these operations are recognized in other comprehensive income, otherwise, in the profit or loss.

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

a) assets and liabilities for each period presented are translated at the closing rate as at the end of that period;

b) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

c) all resulting exchange differences are recognised in other comprehensive income and accumulated in a currency translation reserve.

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

1.5 Common control business combinations

Business combinations involving entities ultimately controlled by the Vitafoam group are accounted for using the

pooling of interest method (also known as merger accounting).

A business combination is a “common control combination” if:

i. The combining entities are ultimately controlled by the same party both before and after the combination and

ii. Common control is not transitory .

Under a pooling of interest- type method, the acquirer is expected to account for the combination as follows:

i. The assets and the liabilities of the acquiree are recorded at book value and not at fair value

ii. Intangible assets and contingent liabilities are recognized only to the extent that they were recognized by the

acquiree in accordance with applicable IFRS (in particular IAS 38: Intangible Assets).

iii. No goodwill is recorded. The difference between the acquirer's cost of investment and the acquiree's equity is

presented separately within OCI on consolidation.

iv. Any non-controlling interest is measured as a proportionate share of the book values of the related assets and

liabilities.

Significant accounting policies

1.5 Common control business combinations (continued)

v. Any expenses of the combination are written off immediately in the statement of profit or loss.

vi. Comparative amounts are restated as if the combination had taken place at the beginning of the earliest

comparative period presented; and

vii. Adjustments are made to achieve uniform accounting policies.

1.6 Trade receivables

Trade receivables are amounts due from customers for sale of foam products or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. "

1.7 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods supplied in the normal course of business, stated net of trade discounts, change to returns, volume rebates, and value added tax.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

The Group bases its estimate of return on historical results, taking into consideration the type of customer,the type of transaction and the specifics of each arrangement.

1.8 Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, cash balances with banks, other short term highly liquid investments with original maturity of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

1.9 Trade payables

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

1.10 Inventories

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

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

1.11 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Significant accounting policies

1.11 Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

1.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. Repairs and maintenance costs are charged to the profit or loss in the period they are incurred.

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

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

Asset category	Useful lives (years)
Buildings	33
Plant and machinery	5
Motor vehicle	4
Furniture, fixtures, fittings and equipment	5

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

1.13 Impairment of assets

Impairment of non-financial assets

Assets that are subject to amortisation 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.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Significant accounting policies

1.13 Impairment of assets (continued)

Impairment of financial assets

a. Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

• Significant financial difficulty of the issuer or obligor;

• a breach of contract, such as a default or delinquency in interest or principal payments;

• the Company, for economic or legal reasons relating to the borrower’s financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;

• it becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

• the disappearance of an active market for that financial asset because of financial difficulties; or

• observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

1. Adverse changes in the payment status of borrowers in the portfolio; and

2. National or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists.

For loans and receivables, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate.

The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of profit or loss. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of profit or loss.

b. Assets carried as available for sale

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset is impaired. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below cost is also evidence that the asset is impaired.

If such evidence exists for available for sale financial assets, the cumulative loss -measured as the difference between the acquisition cost and the current fair value, less any impairment loss on thatfinancial asset previously recognized in profit or loss-is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated statement of profit or loss on equity instruments are not reversed through the consolidated profit or loss.

Significant accounting policies

1.14 Financial instruments

Classification

The Company classifies its financial assets in the following categories:
Loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

1.14.1 Financial assets

The Group's financial assets are classified into available for sale (AFS) and loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Management determines the classification of financial assets at initial recognition.

i Available-for-sale financial assets (AFS financial assets)

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. The Group’s available-for sale assets comprise investments in equity securities . Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from remeasurement are recognized in other comprehensive income .

When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of comprehensive income and are included in “other gains and losses (net)”. Available-for-sale investments are classified as non-current, unless an investment matures within twelve months, or management expects to dispose of it within twelve months. Dividends on available-for-sale equity instruments are recognized in the statement of income as dividend income when the Company’s right to receive payment is established.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair values cannot be reasonably estimated are carried at cost.

ii Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Group’s loans and receivables comprise trade receivables, staff debtors, Intercompany receivables and cash and cash equivalents, and are included in current assets due to their short-term nature. Loans and receivables are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are carried at amortised cost less any impairment.

1.14.2 Financial liabilities

Financial liabilities are classified as financial liabilities at amortised cost. There are no financial liabilities at fair value through profit or loss (FVTPL). Financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, inclusive of directly attributable transaction costs. The subsequent measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at amortised cost

These include trade payables and bank borrowings. Trade payables are initially recognized at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, trade payables are measured at amortised cost using the effective interest method. Bank borrowings are recognised initially at fair value, net of any transaction costs incurred, and subsequently at amortised cost using the effective interest method. These are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities. Interest bearing financial liabilities are classified as loans on the statement of financial position.

Offsetting financial Instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Significant accounting policies

1.14 Financial instruments (continued)

Derecognition

All financial instruments are initially measured at fair value. Financial assets and liabilities are derecognised when the rights to receive cash flows from the investments or settle obligations have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

1.15 Taxation

Current Income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted as at each reporting period end in the countries where the Group operates and generates taxable income.Management periodically evaluates positions taken in tax returns with respect to situations in whichapplicable tax regulation is subject to interpretation. It establishes provisions where appropriate on thebasis of amounts expected to be paid to the tax authorities.

Deferred Income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at each report period end and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

1.16 Employee benefits

Pension obligations

The Company operates a pension scheme which is generally funded through payments to insurance companies or trustee-administered funds, determined by periodic actuarial calculations. The Company operates a defined contribution plan. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

The Group has both defined benefit and defined contributory schemes.

a) Defined Contributory scheme

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

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

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

Significant accounting policies

1.16 Employee benefits (continued)
b) Defined benefits scheme

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

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

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

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

Other long term benefits

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

Termination benefits

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

1.17 Share capital

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

1.18 Dividend distribution

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

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

1.19 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

The Group leases certain land and buildings. Leases of land and buildings where the Group has substantially all the risks and rewards of ownership are classified as finance leases otherwise, they are operating leases.

Significant accounting policies

1.19 Leases (continued)

Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments. For finance leases, each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other longterm payables. The interest element of the finance cost is charged to the statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant & equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

1.20 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate. Government grants relating to property, plant and equipment are deferred and credited to the profit or loss on a straight- line basis over the expected useful lives of the related assets.

1.21 Segment reporting

An Operating segment is a component of an entity

a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);

b) whose operating results are regularly reviewed by the entity's chief operating decision maker to maked ecisions about resources to be allocated to the segment and assess its performance; and

c) for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Managing director of Vitafoam Nigeria Plc.

1.22 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

1.23 Investment property

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

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

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

1.24 Intangible assets

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;

- management intends to complete the software product and use or sell it;

Significant accounting policies

1.24 Intangible assets (continued)

• there is an ability to use or sell the software product;

• it can be demonstrated how the software product will generate probable future economic benefits;

• adequate technical, financial and other resources to complete the development and to use or sell the software

product are available; and

• the expenditure attributable to the software product during its development can be reliably measured

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

1.25 Comparatives

Except when a standard or an interpretation permits or requires otherwise, all amounts are reported or disclosed with comparative information.

Where IAS 8 applies, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.26 Critical accounting estimates and judgements

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

Business combination

The Group applies Pooling of Interest method in accounting for business combination among entities under common

control as such transactions are not covered under IFRS 3: Business Combination. The excess of the consideration over

the Company's share of the acquiree's assets and liabilities is recognised as a reserve in equity.

Assessment of control and significant influence

In determining whether an entity represents a subsidiary or associate of the Vitafoam Group, the management are required to consider the degree to which the company exercises control or significant influence respectively over the

investee. Decisions relating to the determination of control over the subsidiaries, and significant influence over potential

associate companies involves an element of judgment, which may have a significant impact on the constitution of the

group amounts.

Significant accounting policies

Pension obligations

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

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

In determining the appropriate discount rate, the actuaries considers the interest rates of high-quality corporate bonds (except where there is no deep market in such bonds, in which case the discount rate should be based on market yields on Government bonds) that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related employee benefit obligation. Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in note 26.

Income taxes

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

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

Impairment of available-for-sale equity investments

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If all of the declines in fair value below cost were considered significant or prolonged, the Group would suffer an additional loss of N2.5 million in its 2016 financial statements, being the transfer of the accumulated fair value adjustments recognised in equity on the impaired available-for-sale financial assets to the statement of profit or loss.

Useful lives and residual values

Useful lives and residual values are reviewed annually in line with IAS 16 requirements.In performing this review,management considers the present conditions of the assets and the scrap values realizable on these assets at the time of disposal. No revisions were made to useful lives and residual values in current period as management deems these estimates appropriate.

Critical judgements in applying the entity's accounting policy

Key judgements applied to the Group's accounting policies during the periods included in these financial statements.

Impairment of non-financial assets

IAS 36 requires an assessment of indicators of impairment at least at each period end. Where no indicators exist as at review date, the standard precludes the need for any further impairment testing's. The Directors reviewed all indicators as at each period and conclude that no non-financial assets (e.g. property plant and equipment) were impaired.

Consolidation of Vono Furnitures Products Limited

In line with IFRS 10, Vono furnitures products Limited, a new subsidiary of Vitafoam Nigeria Plc, has been consolidated during the reporting period.

Significant accounting policies

Investment in subsidiary - Vitapur Nigeria Limited

Even though Vitafoam holds only 40% of equity shares in Vitapur Nigeria Limited, the Directors believe that Vitafoam has "more than" significant influence and controls the financial and operating policies of Vitapur Nigeria Limited. This key judgement forms the basis for the consolidation of the Vitapur's financial statements.

Functional currency of Vitafoam Sierra Leone

IAS 21 requires that the functional currency of an entity should reflect the underlying transactions, events and conditions that are relevant to the entity. Prior to June 2014, the functional currency of Vitafoam Sierra Leone was the Nigerian Naira.

From July 2014, there was a change in the underlying events and conditions that was relevant to the subsidiary. Following this event, the functional currency changed to the Sierra Leonean 'Leone'. The effect of this change has been reflected prospectively from the date of change in these financial statements in line with IAS 21.

Impairment of financial assets

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

Notes to the Consolidated and separate financial statements

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

Their was no new or revised standard adopted during the year.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 October, 2016 or later periods:

Amendment to IFRS 5: Non-current Assets Held for Sale and Discontinued Operations: annual improvements project

The amendment clarifies that non-current assets held for distribution to owners should be treated consistently with non-current assets held for sale. It further specifies that if a non-current asset held for sale is reclassified as a non-current asset held for distribution to owners or visa versa, that the change is considered a continuation of the original plan of disposal.

The effective date of the group is for years beginning on or after 1 January, 2016.

The group expects to adopt the amendment for the first time in the 2017 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Amendment to IFRS 7: Financial Instruments: Disclosures: annual improvements project

The amendment provides additional guidance regarding transfers with continuing involvement. Specifically, it provides that cash flows excludes cash collected which must be remitted to a transferee. It also provides that when an entity transfers a financial asset but retains the right to service the asset for a fee, that the entity should apply the existing guidance to consider whether it has continuing involvement in the asset.

The effective date of the Group is for years beginning on or after 1 January, 2016.

The Group expects to adopt the amendment for the first time in the 2017 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendment to IAS 19: Employee Benefits: annual improvements project

The amendment clarifies that when a discount rate is determined for currencies where there is no deep market in high quality corporate bonds, then market yields on government bonds in that currency should be used.

The effective date of the Group is for years beginning on or after 1 January, 2016.

The Group expects to adopt the amendment for the first time in the 2017 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Disclosure Initiative: Amendment to IAS 1: Presentation of financial statements

The amendment provides new requirements when an entity presents subtotals in addition to those required by IAS 1 in its consolidated and separate financial statements. It also provides amended guidance concerning the order of presentation of the notes in the consolidated and separate financial statements, as well as guidance for identifying which accounting policies should be included. It further clarifies that an entity's share of comprehensive income of an associate or joint venture under the equity method shall be presented separately into its share of items that a) will not be reclassified subsequently to profit or loss and b) that will be reclassified subsequently to profit or loss.

The effective date of the Group is for years beginning on or after 1 January, 2016.

The Group expects to adopt the amendment for the first time in the 2017 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendment to IAS 34: Interim Financial Reporting: annual improvements project

The amendment allows an entity to present disclosures required by paragraph 16A either in the interim consolidated and separate financial statements or by cross reference to another report, for example, a risk report, provided that other report is available to users of the consolidated and separate financial statements on the same terms as the interim consolidated and separate financial statements and at the same time.

The effective date of the Group is for years beginning on or after 1 January, 2016.

The Group expects to adopt the amendment for the first time in the 2017 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

IFRS 9 Financial instruments

IFRS 9 issued in November 2009 introduced new requirements for the classification and measurements of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a)impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a "fair value through other comprehensive income" (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the outstanding principal are generally measured at amortised cost at the end of subsequent reporting periods. Debt instruments that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on outstanding principal, are measured at FVTOCI. All other debt and equity investments are measured at fair value at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of the liability is presented in other comprehensive income, unless the recognition of the effect of the changes of the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Under IAS 39, the entire amount of the change in fair value of a financial liability designated as at fair value through profit or loss is presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is therefore no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been replaced with the principal of an "economic relationship". Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The effective date of the standard is for years beginning on or after 1 January, 2018.

The Group expects to adopt the standard for the first time in the 2019 consolidated and separate financial statements.

It is unlikely that the standard will have a material impact on the Group's consolidated and separate financial statements.

Notes to the Consolidated and separate financial statements

IFRS 15 Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction contracts; IAS 18 Revenue; IFRIC 13 Customer Loyalty Programmes; IFRIC 15 Agreements for the construction of Real Estate; IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

- Identify the contract(s) with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also includes extensive new disclosure requirements.

The effective date of the standard is for years beginning on or after 1 January , 2018.

The Group expects to adopt the standard for the first time in the 2019 consolidated and separate financial statements.

It is unlikely that the standard will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IAS 16 and IAS 38: Clarification of acceptable methods of depreciation and amortisation

The amendment clarifies that a depreciation or amortisation method that is based on revenue that is generated by an activity that includes the use of the asset is not an appropriate method. This requirement can be rebutted for intangible assets in very specific circumstances as set out in the amendments to IAS 38.

The effective date of the amendment is for years beginning on or after 1 January, 2016.

The Group expects to adopt the amendment for the first time in the 2017 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendment to IAS 27: Equity Method in Separate Financial Statements

The amendment adds the equity method to the methods of accounting for investments in subsidiaries, associates and joint ventures in the separate consolidated and separate financial statements of an entity.

The effective date of the amendment is for years beginning on or after 1 January, 2016.

The Group expects to adopt the amendment for the first time in the 2017 consolidated and separate financial statements.

The impact of this amendment is currently being assessed.

IFRS 14 Regulatory deferral accounts

The new standard is an interim standard applicable to entities subject to rate regulation. The standard is only applicable to entities adopting IFRS for the first time. It permits entities to recognise regulatory deferral account balances in the statement of financial position. When the account has a debit balance, it is recognised after total assets. Similarly, when it has a credit balance, it is recognised after total liabilities. Movements in these accounts, either in profit or loss or other comprehensive income are allowed only as single line items.

The effective date of the standard is for years beginning on or after 1 January, 2016.

The Group expects to adopt the standard for the first time in the 2017 consolidated and separate financial statements.

Notes to the Consolidated and separate financial statements

It is unlikely that the standard will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 10, 12 and IAS 28: Investment entities, applying the consolidation exemption

The amendment clarifies the consolidation exemption for investment entities. It further specifies that an investment entity which measures all of its subsidiaries at fair value is required to comply with the "investment entity" disclosures provided in IFRS 12. The amendment also specifies that if an entity is itself not an investment entity and it has an investment in an associate or joint venture which is an investment entity, then the entity may retain the fair value measurement applied by such associate or joint venture to any of their subsidiaries.

The effective date of the Group is for years beginning on or after 1 January, 2016.

The Group expects to adopt the amendment for the first time in the 2017 consolidated and separate financial statements.

The adoption of this amendment is not expected to impact on the results of the Group, but may result in more disclosure than is currently provided in the consolidated and separate financial statements.

Amendments to IAS 16 and IAS 41: Agriculture: bearer plants

The amendment defines bearer plants and include bearer plants within the scope of IAS 16 Property, Plant and Equipment. A bearer plant is defined as a living plant used in the production or supply of agricultural produce, is expected to bear produce for more than one period and has a remote likelihood of being sold as agricultural produce. Bearer plants were previously within the scope of IAS 41 Agriculture.

The effective date of the amendment is for years beginning on or after 1 January, 2016. The Group has early adopted the amendments in 2015 financial year.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases – Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (‘lessee’) and the supplier (‘lessor’). IFRS 16 eliminates the classification of leases as operating leases or finance leases as required by IAS 17 and introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

(a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and

(b) depreciation of lease assets separately from interest on lease liabilities in the profit or loss.

For the lessor, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The effective date of the standard is for years beginning on or after January 1, 2019.

The Group expects to adopt the amendment for the first time in the 2020 annual financial statements. It is unlikely that the amendment will have a material impact on the Group's annual financial statements.

Notes to the Consolidated and separate financial statements

3. Financial Risk management

Overview of the Group's Risk Management

The Group’s business activities expose it to a variety of financial risks: market risk (including foreign exchange, interest rate, and price), credit risk and liquidity risk.Risk management is the responsibility of the finance director who aims to effectively manage the financial risk of Vitafoam Nigeria Plc., according to the policies approved by the Board of Directors. The finance director identifies and monitors financial risk.

Market risk

1. Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the group’s functional currency (The Naira).The Group is exposed to foreign exchange risks from some of its commercial transactions and current assets.

The Group buys and imports some of the raw materials used for production, the payments for which are made in US Dollars. Receipts for sales of finished goods in Nigeria are in Naira whilst receipts for sales of finished goods to countries such as Sierra Leone and Ghana are in US Dollars. The Group makes payments and collects receipts primarily in Nigerian Naira. Periodically however, receipts and payments are made in other currencies, mostly in the US dollar.

Management’s approach to managing foreign exchange risk is to hold foreign currency bank accounts which act as a natural hedge for these transactions. Currency exposure arising from assets and liabilities denominated in foreign currencies is also managed primarily by setting limits on the percentage of net assets that may be invested in such deposits.

Sensitivity to foreign exchange risk

The sensitivity analysis for currency rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market rates at the reporting date. The foreign currency denominated balance that the group is exposed to fluctuations is cash and cash equivalents. The group is primarily exposed to the US Dollar.

A 10% increase/decrease in foreign exchange rate at the reporting dates would have increased/decreased profit or loss and total equity by the following amounts. This analysis is based on foreign currency exchange rate variances that the group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables remain constant:

	Group		Company	
As at 30 September	**2016**	**2015**	**2016**	**2015**
	N'000	**N'000**	**N'000**	**N'000**
US Dollars 10% increase	(248,708)	(11,507)	(248,708)	101
US Dollars 10% decrease	248,708	11,507	248,708	(101)

Notes to the Consolidated and separate financial statements

3. Financial Risk management (continued)

Interest rate risk

As the group has no significant interest-bearing assets, the group’s income and operating cash flows are substantially independent of changes in market interest rates. Interest rate risk is the risk that the value of a financial instrument will be affected by changes in market interest rates.

The group's exposure to interest rate risk relates primarily to long term borrowings which were issued at floating interest rates. The Group can also be exposed to cash flow interest rate risk on short term deposits and short term bank borrowings to the extent that the significant reductions in market interest rates would result in a decrease in the interest earned or paid by the Group.

The Group's borrowings are denominated in Nigerian naira and to manage this risk, the Group's policy is to negotiate favourable terms with the banks to reduce the impact of exposure to this risk and to obtain competitive rates for loans and for deposits.

Sensitivity analysis for interest rate risk

The sensitivity analysis for interest rate risk shows how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates at the reporting date. The variable interest balances that the group is exposed relate to bank borrowings.

The sensitivity of the Group's earnings to fluctuations in interest rates is reflected by increasing or decreasing interest rates by 10% as shown below:

	Group		Company	
As at 30 September	**2016**	**2015**	**2016**	**2015**
	N'000	**N'000**	**N'000**	**N'000**
10% increase in interest rate	169,660	165,109	69,079	96,450
10% decrease in interest rate	(169,660)	(165,109)	(69,079)	(96,450)

Price risk

The group's equity instruments are classified as Available for sale and are investments in Nigerian entities. Management monitors the movement in prices of these instruments on monthly basis by comparing price movements on same or similar equities on the stock exchange.

Sensitivity analysis for Price risk

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer, or factors affecting all similar equity securities traded in the market. The group's exposure to equity price risk is not material as the group holds a small portfolio of equity instruments. An increase or decrease of 100 basis points on the Nigeria Stock exchange (NSE) equity prices.

Credit risk

Credit risk is the risk that financial loss arises from the failure of a customer or counterparty to meet its obligations under a contract. It arises principally from trading activities with customers. The group has dedicated policies and procedures to control and monitor all such risks. The group limits its exposure to any one party by creating security accounts for all of its Vita shop distributors and all its key distributors such that a one percent of the revenue from these distributors are credited to this security account in form of a collateral in the event of a default.

The Group also sets credit limits and monitors customer activities to ensures that these limits are adhered to. Individual customer limits are set taking into consideration past experiences, trading performances and other factors. Where counterparties are unable to meet obligations under existing terms, the Group identifies such customers and restructures facilities to encourage performance and reduce losses.

Notes to the Consolidated and separate financial statements

3. Financial Risk management (continued)

The Group's credit portfolio is materially concentrated in South west Nigeria. The Group's maximum exposure to credit risk as at the reporting date is the carrying value of the financial assets in the statement of financial position. The carrying value of these financial assets approximates the fair value. The tables below analyse financial assets into the relevant past due groupings as at each reporting date.

Financial assets exposed to credit risk at year end were as follows:

Group

30 September 2016

Financial assets	**Neither past due nor impaired**	**90-120days**	**Above 120 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Cash and bank balances	284,211	-	-	284,211
Trade receivables (gross)	1,566,257	-	241,523	1,807,780
Receivables from related party companies	-	-	-	-
Staff advances	19,206	-	-	19,206
Other receivables	230,188	-	-	230,188
	2,099,862	**-**	**241,523**	**2,341,385**

30 September 2015

Financial assets	**Neither Past due nor impaired**	**90-120 days**	**Above 120days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Cash and bank balances	443,547	-	-	443,547
Trade receivables (gross)	1,624,101	80,919	647,350	2,352,370
Staff advances	47,109	-	-	47,109
Other receivables	639,207	-	-	639,207
	2,753,964	**80,919**	**647,350**	**3,482,233**

Company

30 September 2016

Financial assets	**Neither past due nor impaired**	**90-120days**	**Above 120 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Cash and bank balances	179,053	-	-	179,053
Trade receivables (gross)	1,192,739	-	173,336	1,366,075
Receivables from related party companies	2,278,585	-	-	2,278,585
Staff advances	12,851	-	-	12,851
Other receivables	130,808	-	-	130,808
	3,794,036	**-**	**173,336**	**3,967,372**

30 September 2015

Financial assets	**Neither Past due nor impaired**	**90-120days**	**Above 120 days**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Cash and bank balances	204,754	-	-	204,754
Trade receivables (gross)	1,662,135	68,311	201,673	1,932,119
Receivables from related party companies	2,420,514	-	-	2,420,514
Staff advances	19,852	-	-	19,852
Other receivables	463,573	-	-	463,573
	4,770,828	**68,311**	**201,673**	**5,040,812**

Notes to the Consolidated and separate financial statements

3. Financial Risk management (continued)

Prepayments are not financial assets and thus not included as part of credit risk assessment for financial assets.

All receivables that are neither past due nor impaired are within approved credit limits, management does not expect any losses from non-performance by these parties. Receivables aged between 90- 120 days are past due but not impaired and relate to a number of customers for which there is no history of default.

An allowance for impairment is generally recorded for trade receivable balances based on the circumstances of such receivables. Other factors considered in making the impairment allowance include evidence of financial difficulty of the debtor. The Group's policy on credit is such that the security account kept for distributors is used in the event of a default i.e. the group is able to recover its monies from these accounts. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. The amounts held in the security accounts as at each year end are as follows:

	Group & Company	
		Restated
	2016	2015
	N'000	N'000
Collateral (Dealer's Security account balances)	92,696	151,200

No other collateral is held on these balances.

An analysis of impaired receivables (above 120days) and the related allowance for impairment loss is as follows:

	Group		Company	
		Restated	2016	Restated
	2016	2015		2015
	N'000	N'000	N'000	N'000
Carrying amount before provision(Gross)	241,717	647,350	173,530	546,488
Provisions for impairment loss	(241,717)	(575,494)	(173,530)	(485,828)
Net carrying amount	**-**	**71,856**	**-**	**60,660**

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by ensuring that sufficient funds are available to meet its commitments as they fall due.

The Group uses both long term and short term cash flow projections to monitor funding requirements for activities and to ensure there are sufficient cash resources to meet operational needs. Cash flow forecasting is performed by the finance department. Cash flow projections take into consideration the Group’s debt financing plans and covenant compliance.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date.

Group
30 September 2016

Financial liabilities	**Within 1 Year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
	N'000	**N'000**	**N'000**	**N'000**
Trade and other payables	2,051,901	-	-	2,051,901
Borrowings - Term loans	600,439	-	-	600,439
Borrowings (Bank overdrafts & commercial papers)	5,026,185	-	-	5,026,185
	7,678,525	**-**	**-**	**7,678,525**

Notes to the Consolidated and separate financial statements

3. Financial Risk management (continued)

30 September 2015	**Within 1 Year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
Financial liabilities				
	N'000	**N'000**	**N'000**	**N'000**
Trade and other payables	4,127,254	-	-	4,127,254
Borrowings - Term loans	408,627	-	-	408,627
Borrowings (Bank overdrafts & commercial papers)	2,616,040	-	-	2,616,040
	7,151,921	**-**	**-**	**7,151,921**

Company

30 September 2016	**Within 1 Year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
Financial liabilities				
	N'000	**N'000**	**N'000**	**N'000**
Trade and other payables	1,936,400	-	-	1,936,400
Borrowings - Term loans	525,439	-	-	525,439
Borrowings (Bank overdrafts & commercial papers)	5,016,519	-	-	5,016,519
	7,478,358	**-**	**-**	**7,478,358**

30 September 2015	**Within 1 Year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Total**
Financial liabilities				
	N'000	**N'000**	**N'000**	**N'000**
Trade and other payables	3,635,295	-	-	3,635,295
Borrowings - Term loans	344,738	-	-	344,738
Borrowings (Bank overdrafts & commercial papers)	2,418,795	-	-	2,418,795
	6,398,828	**-**	**-**	**6,398,828**

The amounts disclosed in the tables above are the contractual undiscounted cash flows of the liabilities.

The Group's exposure to liquidity risk is minimal as at 30 September 2016.

Capital risk management

The Group’s objectives when managing capital are to safeguard its 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 to reduce debt.

The Group monitors capital on the basis of the gearing ratio. The Group's net funds/net debt ratio is summarised as follows:

		2016 N'000	**2015 N'000**	**2016 N'000**	**2015 N'000**
Total borrowings					
Other financial liabilities	23	6,461,949	4,385,850	5,456,141	3,383,299
Less: Cash and cash equivalents	22	(1,614,158)	(1,082,789)	(1,709,650)	(1,288,556)
Net debt		4,847,791	3,303,061	3,746,491	2,094,743
Total equity		3,508,459	3,313,391	4,375,223	3,802,832
Total capital		**8,356,250**	**6,616,452**	**8,121,714**	**5,897,575**
Gearing ratio		58 %	50 %	46 %	36 %

Notes to the Consolidated and separate financial statements

4. Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction (not a forced sale) between market participants (market-based view) at the measurement date (current price) The table below analyses financial instruments carried at fair value, by valuation method. The different levels that are required to be disclosed are defined as follows.

• Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

•Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

• Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

• The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes ‘observable’ requires significant judgement by the group. The group considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. There are no liabilities at fair value.

The following table presents assets that are measured at fair value at 30 September 2016 for both group and company:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	N'000	N'000	N'000	N'000
Available-for-sale financial assets				
Equity Securities	7,768	10,000	-	17,768

The following table presents assets that are measured at fair value at 30 September 2015 for both group and company:

Assets	**Level 1**	**Level 2**	**Level 3**	**Total**
	N'000	N'000	N'000	N'000
Available-for-sale financial assets				
Equity Securities	7,768	7,346	-	15,114

The fair value of financial instruments traded in active markets is based on quoted market prices as at each reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market prices used for financial assets held by the Group is the current bid price. These instruments are included in level 1. There are no level 3 financial instruments. Financial instruments that are not traded in an active market are carried at cost (unquoted equity).

Quoted market prices were used to value financial at fair value. No level 3 financial instruments are held by the Group.

Notes to the Consolidated and separate financial statements

5. Financial instruments by category

The Group's financial instruments are categorised as follows:

30 September 2016 **Financial assets**	**Category**	**Group** **N'000**	**Company** **N'000**
Trade receivables	Loans and receivables	1,566,257	1,192,739
Other receivables (including staff debtors and related parties receivables)	Loans and receivables	249,394	2,422,244
Cash and cash equivalents	Loans and receivables	284,211	179,053
Available-for-sale equity instruments	Available for Sale	17,768	17,768
		2,117,630	**3,811,804**

Financial liabilities	**Category**		
Borrowings (current)	Other liabilities	5,626,62	5,541,95
Trade and other payables	Other liabilities	2,051,90	1,936,40
Borrowings (non-current)	Other liabilities	1,096,16	165,35
		8,774,687	**7,643,712**

The Group's financial instruments are categorised as follows:

30 September 2015 **Financial assets**	**Category**	**Group** **N'000**	**Company** **N'000**
Trade receivables	Loans and receivables	2,140,302	1,792,668
Other receivables (including staff debtors and related parties receivables)	Loans and receivables	686,316	2,903,938
Cash and cash equivalents	Loans and receivables	443,547	204,754
Available-for-sale equity instruments	Available for Sale	15,114	15,114
		3,285,279	**4,916,474**

Financial liabilities	**Category**		
Borrowings (current)	Other liabilities	3,046,662	2,763,533
Trade and other payables	Other liabilities	4,127,254	3,635,295
Borrowings (non-current)	Other liabilities	1,339,188	619,766
		8,513,104	**7,018,594**

The Group's financial instruments are categorised as follows:

Trade receivables are stated net of impairments. Other receivables excludes prepayments. Trade and other payables excludes deferred income and provisions.

Notes to the Consolidated and separate financial statements

	Group		Company	
	2016	Restated 2015	2016	Restated 2015
	N. '000	N. '000	N. '000	N. '000
6. Revenue				
Analysis by Geographical area				
Within Nigeria	13,221,808	16,409,857	12,189,558	15,155,102
Outside Nigeria	346,910	443,185	-	-
Rendering of services	1,155	-	-	-
	13,569,873	**16,853,042**	**12,189,558**	**15,155,102**
7. Other gains and losses				
Sale of scrap items	214,291	138,122	189,265	117,601
Rental income	24,927	32,406	24,927	32,406
Investment/dividend income	40,212	10,451	40,212	32,040
Exchange (loss)\gain	-	177,380	-	177,380
Profit on disposal of assets	111	7,744	-	7,744
Profit on disposal of investment	-	29,011	-	29,011
Provision no longer required	14,833	380,524	14,833	336,765
Other income	1,071	3,630	-	-
	295,445	**779,268**	**269,237**	**732,947**
8. Cost of sales				
Sale of goods				
Raw materials and consumables	8,581,346	11,414,437	7,965,764	10,644,726
Labour cost	161,923	207,168	125,364	156,074
Depreciation	164,715	131,378	123,763	130,206
	8,907,984	**11,752,983**	**8,214,891**	**10,931,006**

Notes to the Consolidated and separate financial statements

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000

9. Administrative Expenses

The following items are included within administrative expenses:				
Administration and management fees	9,480	27,464	9,936	20,594
Advertising	205,053	683,675	182,921	668,072
Audit fees	31,300	23,745	18,150	18,150
Bad debts	149,759	48,433	74,896	36,435
Bank charges	32,879	52,458	20,140	31,003
Cleaning	10,184	12,292	-	-
Consulting and professional fees	98,737	197,661	71,509	143,656
Delivery expenses	-	1,012	-	-
Depreciation, amortisation and impairments	180,355	263,160	147,450	146,501
Discount allowed	-	134	-	-
Donations	7,971	17,530	5,103	15,501
Employee costs	1,457,976	1,488,173	1,138,392	1,160,113
Entertainment	13,759	17,367	8,599	12,937
Other admin and general expenses	77,449	75,916	50,247	21,615
Actuarial loss/(gain) on long service award	10,589	(11,667)	10,589	(11,667)
IT expenses	137	535	-	-
Incorporation costs	-	2,579	-	-
Insurance	42,227	48,896	33,384	39,122
Rent and rates	158,776	90,899	43,506	49,786
Fines, levies and penalties	46,245	33,183	40,942	25,413
Stationery, newspapers and periodicals	22,892	20,745	22,564	20,300
Postage, telecommunication and internet	73,444	106,005	61,863	68,684
Profit or loss on exchange difference	346,617	-	114,848	-
Profit on disposal of assets	11,608	586	11,608	-
Protective clothing	2,108	3,505	1,851	3,310
Repairs and maintenance	142,942	219,884	108,458	168,995
Research and development costs	4,397	8,074	-	-
Royalties and license fees	-	540	-	-
Security	13,194	12,738	-	-
Software expenses	-	355	-	-
Subscriptions	6,988	24,201	6,988	24,201
Transport and freight	2,008	9,650	-	-
Transport and travelling	129,825	142,407	97,835	127,607
Electricity and other utilities	148,385	185,471	117,157	144,941
Fair value adjustments	-	7,996	-	7,996
	3,437,284	**3,815,602**	**2,398,936**	**2,943,265**

* Levies, fines and penalties was reclassified from rent for the prior period. In addition to this, subscription was reclassified from donation.

10. Distribution Expenses

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000
The following items are included within distribution expenses:				
Distribution cost	632,050	914,874	616,050	838,003

Notes to the Consolidated and separate financial statements

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000

11. Finance costs

Interest on loan and overdraft	774,404	931,280	653,763	687,836
Interest on loan capitalised	32,097	-	32,097	-
Other interest paid	88,558	84,046	88,558	78,055
	895,059	**1,015,326**	**774,418**	**765,891**

12. Finance income

Interest revenue				
Interest on deposit	-	4,470	-	4,470
Interest on planned assets	68,257	54,509	68,257	54,509
Unwinded interest on related party loan	-	20,593	-	20,593
	68,257	**79,572**	**68,257**	**79,572**

13. Taxation

Income tax expense

Income tax	56,423	73,710	62,991	73,710
Education tax	14,539	12,398	10,122	12,398
	70,962	86,108	73,113	86,108
Deferred tax provision/(write back)	22,268	198,970	37,258	206,708
Tax expense	**93,230**	**285,078**	**110,371**	**292,816**

The current tax charge has been computed at the applicable rate of 30% (30 September 2015: 30%) plus education levy of 2% (30 September 2015: 2%) on the profit for the year after adjusting for certain items of expenditure and income which are not deductible or chargeable for tax purposes.

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

Reconciliation of the tax expense

Reconciliation between accounting profit and tax expense.

Accounting profit	61,198	213,097	522,757	489,456
Tax at the applicable tax rate of 30% (2015: 30%)	18,359	160,239	156,827	243,149
Tax effect of adjustments on taxable income				
Effect of income exempted from taxation	(109,232)	(18,315)	(109,232)	(18,315)
Effect of non-deductible expenses in determining taxable profit	104,239	126,796	104,239	51,625
Effect of disposal of property plant and equipment	(88,843)	(1,680)	(88,843)	(1,680)
Effect of other allowances	116,654	(4,857)	(256)	(4,858)
Effect of proposed dividend	37,514	10,497	37,514	10,497
Effect of education tax	14,539	12,398	10,122	12,398
	93,230	**285,078**	**110,371**	**292,816**

Notes to the Consolidated and separate financial statements

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000

14. Tax Payable

The movement in tax payable/receivable is as follows:				
At 1 October 2015	378,307	409,201	357,757	373,790
Vono liability assumed on business combination	28,749	-	28,749	-
Based on profit for the year	70,962	86,108	73,113	86,108
Payment during the year	(206,195)	(117,002)	(185,730)	(102,141)
At 30 September 2016	**271,823**	**378,307**	**273,889**	**357,757**

The balance as at 30 September 2016 for group purpose is the net of current tax payable of N279.2 million and current tax receivable N7.4 million shown on the statement of financial position.

Notes to the Consolidated and separate financial statements

15. Property, plant and equipment

Group

	Land N.'000	Building N.'000	Plant and machinery N.'000	Furniture and fixtures N.'000	Motor vehicle N.'000	Total N.'000
Cost						
Balance at 1, October, 2014	30,983	3,766,004	1,901,660	299,590	509,428	6,507,665
Additions	288,089	139,690	367,262	40,443	63,845	899,329
Disposal	-	(29,686)	(38,523)	-	(200)	(68,409)
Transfer	-	(439,690)	-	-	-	(439,690)
Effect of foreign currency exchange differences	-	231,845	39,661	1,953	4,366	277,825
Balance at 30 September, 2015	319,072	3,668,163	2,270,060	341,986	577,439	7,176,720
Addition	9,580	32,714	123,799	39,294	85,263	290,650
Adjustment	(32,097)	-	-	-	-	(32,097)
Disposal	-	-	(7,501)	(350)	(84,421)	(92,272)
Transfer	-	-	(120,455)	6,997	(127)	(113,585)
Reclassification	(8,444)	8,444	3,072	(3,072)	-	-
Reclassification to held for sale	-	(566,091)	(121,509)	(34,063)	(62,181)	(783,844)
Effect of foreign currency exchange difference	-	36,855	6,244	1,215	2,559	46,873
Balance at 30 September, 2016	288,111	3,180,085	2,153,710	352,007	518,532	6,492,445

Notes to the Consolidated and separate financial statements

	Land N.'000	Building N.'000	Plant and machinery N.'000	Furniture and fixtures N.'000	Motor vehicle N.'000	Total N.'000
Accumulated depreciation						
Balance at 1 October, 2014	-	393,324	1,370,155	195,502	374,836	2,333,817
Charge for the year	-	143,800	219,584	34,805	65,809	463,998
Disposal	-	-	(14,745)	(47)	(33,731)	(48,523)
Effect of foreign currency exchange differences	-	-	270	(56)	(249)	(35)
Transfer	-	(85,020)	-	-	-	(85,020)
Balance at 30 September, 2015	-	452,104	1,575,264	230,204	406,665	2,664,237
Charge for the year	-	93,107	228,995	30,430	55,529	408,061
Disposal	-	-	(7,500)	(344)	(60,689)	(68,533)
Transfer	-	-	(27,634)	274	(274)	(27,634)
Reclassification	-	-	1,773	(1,773)	-	-
Effect of foreign currency exchange diff	-	987	1,230	521	1,621	4,359
Adjustments	-	-	(7,537)	-	-	(7,537)
Reclassification to held for sale	-	(147,563)	(113,949)	(17,419)	(30,199)	(309,130)
Balance at 30 September, 2016	-	398,635	1,650,642	241,893	372,653	2,663,823
Carrying amount						
Balance as at 30 September, 2016	**288,111**	**2,781,450**	**503,068**	**110,114**	**145,879**	**3,828,622**
Balance as at 30 September, 2015	**319,072**	**3,216,059**	**694,796**	**111,782**	**170,774**	**4,512,483**

Notes to the Consolidated and separate financial statements

Company

	Land N.'000	Buildings N.'000	Plant and machinery N.'000	Furniture and fixtures N.'000	Motor Vehicle N.'000	Total N.'000
Cost						
Balance at 1 October, 2014	11,733	2,496,429	1,460,777	234,283	413,256	4,616,478
Addition	288,089	22,458	161,891	32,010	48,404	552,852
Disposal	-	-	(909)	-	(17,044)	(17,953)
Transfer	-	(371,765)	-	-	-	(371,765)
Balance at 30 September, 2015	299,822	2,147,122	1,621,759	266,293	444,616	4,779,612
Addition	2,500	4,056	15,836	4,382	50,190	76,964
Disposal	-	-	(7,501)	-	(80,531)	(88,032)
Transfer	-	-	-	293	(293)	-
Adjustment	(32,097)	-	-	-	-	(32,097)
Balance at 30 September, 2016	270,225	2,151,178	1,630,094	270,968	413,982	4,736,447
Accumulated depreciation						
Balance at 1 October, 2014	-	297,602	1,176,605	166,512	302,941	1,943,660
Charge for the year	-	62,990	130,206	22,038	51,674	266,908
Disposal	-	-	(909)	-	(17,044)	(17,953)
Transfer	-	(79,281)	-	-	-	(79,281)
Balance at 30 September, 2015	-	281,311	1,305,902	188,550	337,571	2,113,334
Charge for the year	-	57,433	123,763	24,451	38,387	244,034
Disposal	-	-	(7,500)	-	(57,235)	(64,735)
Transfer	-	-	-	274	(274)	-
Reclassification	-	-	-	-	-	-
Write-off	-	-	-	-	-	-
Balance at 30 September, 2016	-	338,744	1,422,165	213,275	318,449	2,292,633
Carrying amount						
Balance as at 30 September, 2016	**270,225**	**1,812,434**	**207,929**	**57,693**	**95,533**	**2,443,814**
Balance as at 30 September, 2015	**299,822**	**1,865,811**	**315,857**	**77,743**	**107,045**	**2,666,278**

Contractual commitments

At 30 September, 2016 the company had no contractual commitments for the acquisition of property, plant and equipment (2015: Nil).

Reclassifactions - Represents transfer from capital work in progress to various classes of assets

Other reclassifactions - Includes amount transferred to related parties and prepayment to be amortised over the years; depreciation on assets used for project work capitalised and reclassification from intangible assets.

Assets pledged - Some borrowings are secured by a debenture on all the fixed and floating assets of the Group.

Held for Sale - The amount shown as held for sale is the carrying amount (Cost less accumulated depreciation) in the books of Vono Product Plc prior to the business combination.

Notes to the Consolidated and separate financial statements

16. Intangible assets

Group

	Computer software N.'000
Cost	
Balance at 1 October, 2014	42,088
Additions	21,591
Balance at 30 September, 2015	63,680
Addition	12,365
Balance at 30 September, 2016	76,045
Accumulated amortisation	
Balance at 1 October, 2014	795
Charge for the year	12,310
Disposal	-
Balance at 30 September, 2015	13,105
Charge for the year	12,177
Balance at 30 September, 2016	25,282
Carrying amount	
Balance as at 30 September, 2016	**50,763**
Balance at 30 September, 2015	**50,575**

Company

	Computer Software N.'000
Cost	
Balance at 1 October, 2014	38,648
Addition	18,665
Balance at 30 September, 2015	57,313
Addition	15,724
Balance at 30 September, 2016	73,037
Accumulated amortisation	
Balance at 1 October, 2014	-
Charge for the year	9,132
Balance at 30 September, 2015	9,132
Charge for the year	13,142
Balance at 30 September, 2016	22,274
Carrying amount	
Balance as at 30 September, 2016	**50,763**
Balance at 30 September, 2015	**48,181**

There are no development expenditure capitalised as internally generated intangible asset.
Intangible assets represent cost of development of and implementation of Enterprise risk management which have useful life of 5 years and amortised on a straight line basis over these years. No impairment charges as assets are not impaired.

Notes to the Consolidated and separate financial statements

17. Investment property

The investment property relate to twin duplexes located at Marwa gardens in Lagos state, a factory building located at Acme road, Ikeja rented to Vitapur and a factory building rented to Vita Visco. The Group earns rental income on these property.

	Group & Company N.'000
Cost	
Balance at 1 October, 2014	21,673
Additions	1,860
Transfer from property, plant and equipment	371,765
Transfer from subsidiary	67,925
Balance at 30 September, 2015	463,223
Balance at 30 September, 2016	463,223
Accumulated depreciation	
Balance at 1 October, 2014	10,331
Charge for the year	667
Transfer from property, plant and equipment	79,281
Transfer from subsidiary	5,739
Disposal	-
Transfer	-
Balance at 30 September, 2015	96,018
Charge for the year	14,037
Balance at 30 September, 2016	110,055
Carrying amount	
Balance as at 30 September, 2016	**353,168**
Balance at 30 September, 2015	**367,205**

The buildings are depreciated on a straight line basis at a rate of 3% per annum.

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000

18. Available for sale financial assets

Available-for-sale financial assets include the following:

Investment in quoted shares	7,768	7,768	7,768	7,768
Investment in unquoted shares	10,000	7,346	10,000	7,346
	17,768	**15,114**	**17,768**	**15,114**

The movement in available-for-sale financial assets is as follows:

	N'000
At 1 October 2014	
Additions	14,226
Impairment loss reversal	888
At 30 September 2015	15,114
Additions	2,654
At 30 September 2016	**17,768**

Available-for-sale financial assets are denominated in the following currencies:

	Group & Company	
	2016 N'000	2015 N'000
USD		1,607
Naira	17,768	13,507
	17,768	**15,114**

Foreign currency denominated equity instrument relates to 100,000 ordinary and 42,800 preference shares of Eco Transnational Incorporated at 0.025 per share.

Unquoted equity shares relate to investments in UNICO pensions and NIPOL which is carried at cost.

No impairment losses have been recognized on these assets. Fair value changes are recognized in other comprehensive income/available for sale reserve in equity.

Notes to the Consolidated and separate financial statements

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000

19. Inventories

Finished goods - cost	972,315	981,001	688,512	641,686
Raw materials - cost	2,715,422	2,521,700	2,050,300	1,724,621
Work in progress - cost	366,928	553,698	198,157	296,272
Spare parts and consumables - cost	385,972	407,914	331,033	366,418
Goods in transit	68,055	12,545	-	12,544
	4,508,692	4,476,858	3,268,002	3,041,541
Inventories (write-downs)	(16,709)	(12,246)	(13,709)	(8,073)
	4,491,983	**4,464,612**	**3,254,293**	**3,033,468**

20. Trade and other receivables

Trade receivables	1,807,780	2,352,370	1,366,075	1,932,119
Other receivables	230,188	639,207	130,808	463,573
Staff debtors	19,206	47,109	12,851	19,852
Receivables from related parties (Note 35)	-	-	2,278,585	2,420,513
Impairment of receivables	(241,523)	(212,068)	(173,336)	(139,451)
	1,815,651	**2,826,618**	**3,614,983**	**4,696,606**

Trade receivables are presented net of related impairment allowance. An analysis of gross receivables and impairment is presented as follows:

Prepayments for prior period has been reclassified to other assets.

	2016 N'000	2015 N'000	2016 N'000	2015 N'000
Gross trade receivables	1,807,780	2,352,370	1,366,075	1,932,119
Allowance for impairment	(241,523)	(212,068)	(173,336)	(139,451)
Net trade Receivables	**1,566,257**	**2,140,302**	**1,192,739**	**1,792,668**

Reconciliation of allowance for impairment of trade and other receivables

Movements on the allowance for impairment of trade receivables are as follows:

At 1 October	(212,068)	(476,217)	(139,451)	(476,217)
Provision for impairment	(70,466)	-	(74,896)	-
Amounts written off as uncollectable	41,011	-	41,011	-
Unused amounts reversed	-	264,149	-	336,766
At 30 September	**(241,523)**	**(212,068)**	**(173,336)**	**(139,451)**

The creation and release of allowance for impaired receivables have been included in operating expenses in profit or loss . Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The other classes within the trade and other receivables do not contain impaired assets.

The carrying amounts of the trade and other receivables are denominated in naira.

21. Other assets

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

Notes to the Consolidated and separate financial statements

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000

21. Other assets (continued)

Prepaid rent	94,318	70,809	50,679	62,372
Prepaid insurance	10,157	7,330	8,543	5,484
Prepaid advertisement	6,374	3,779	6,000	-
Prepaid subscription	872	895	872	378
Other prepayments	687,199	85,669	636,876	72,411
	798,920	**168,482**	**702,970**	**140,645**

22. Cash and Bank

Cash and cash equivalents include the following for the purposes of the statement of cashflows:

Cash on hand	25,860	36,135	15,016	27,594
Bank balances	211,907	362,910	117,593	132,658
Fixed deposit	46,444	44,502	46,444	44,502
Cash and bank	284,211	443,547	179,053	204,754
Bank overdraft	(1,898,369)	(1,526,336)	(1,888,703)	(1,493,310)
	(1,614,158)	**(1,082,789)**	**(1,709,650)**	**(1,288,556)**

23. Borrowings

Non Current				
Finance lease Obligation	-	96,726	-	-
Bank borrowings	1,096,162	1,242,462	165,354	619,766
Total	**1,096,162**	**1,339,188**	**165,354**	**619,766**
Current				
Finance lease liabilities	-	21,995	-	-
Bank overdraft	1,898,369	1,526,336	1,888,703	1,493,310
Commercial papers	3,127,816	1,089,704	3,127,816	925,485
Bank borrowings	600,439	408,627	525,439	344,738
	5,626,624	**3,046,662**	**5,541,958**	**2,763,533**
	6,722,786	4,460,987	5,707,312	3,383,299

a. Bank borrowings

The term loans represent the outstanding balances on two facilities - 4-year term loan of N450 million and 4 -year term loan of N240 million granted to the parent by a commercial bank in 2015. Both loans are secured by a negative pledge on the parent's fixed and floating assets and are carried at fair values based on cash flows discounted using effective interest rate of 20%. The Group also received a loan from the International Finance Corporation to finance capital construction at the Sierra Leone Subsidiary in 2013. Bank overdrafts and commercial papers are not discounted as the fair value equals carrying amounts.

Except for the International Finance Corporation (IFC) loan, all borrowings are denominated in naira. The Group does not have undrawn balances on these borrowings as at 30 September 2016.

b. Government grants

Government grant has been represented on the face of the statement of financial position for prior period as deferred income

Notes to the Consolidated and separate financial statements

24. Deferred income

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

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000
Non-current liabilities	-	69,593	-	-
Current liabilities	17,874	5,544	17,874	-
	17,874	**75,137**	**17,874**	**-**

25. Deferred tax

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting periods.

Group **30 September 2016** **Deferred tax assets/liabilities in relation to:**	**Balance b/f** **N'000**	**P&L charge** **N'000**	**Balance c/f** **N'000**
Property, plant & Equipment	501,983	6,415	508,398
Provisions	(177,233)	(65,243)	(242,476)
Exchange difference	53,472	81,096	134,568
	378,222	**22,268**	**400,490**

Group **30 September 2015** **Deferred tax assets/liabilities in relation to:**	**Balance b/f** **N'000**	**P&L charge** **N'000**	**Balance c/f** **N'000**
Property, plant & Equipment	443,794	58,189	501,983
Provisions	(265,496)	88,263	(177,233)
Exchange difference	956	52,516	53,472
	179,254	**198,968**	**378,222**

The following are the major deferred tax assets and liabilities recognised by the Company and movements thereon during the current and prior reporting periods.

Company **30 September 2016** **Deferred tax assets/liabilities in relation to:**	**Balance b/f** **N'000**	**P&L Charge** **N'000**	**Balance c/f** **N'000**
Property, plant & Equipment	501,983	6,416	508,399
Provision	(169,496)	(50,254)	(219,750)
Exchange difference	53,472	81,096	134,568
	385,959	**37,258**	**423,217**

25. Deferred tax (continued)

Company 30 September 2015 Deferred tax assets/liabilities in relation to:	Balance b/f N'000	P&L charge N'000	Balance c/f N'000
Property, plant & Equipment	443,794	58,189	501,983
Provisions	(265,496)	96,000	(169,496)
Exchange difference	956	52,516	53,472
	179,254	**206,705**	**385,959**

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax assets(liabilities) after offset presented in the Statement of Financial Position:

	2016 N'000	2015 N'000
Deferred tax assets	(219,750)	(169,496)
Deferred tax liabilities	642,967	555,455
	423,217	**385,959**

26. Employee benefits obligation

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000
Statement of financial position obligation				
Retirement benefit obligation	243,816	103,625	243,816	81,828
Long Service Awards Benefits	121,002	87,769	121,002	87,769
Liability in the statement of financial position	**364,818**	**191,394**	**364,818**	**169,597**

Defined benefit plan

The group operates a defined benefit/ staff gratuity 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 Nigeria Life and Pensions. The amounts recognised in the statement of financial position are determined as follows:

Carrying value

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000
Present value of the defined benefit obligation	(663,532)	(512,945)	(663,532)	(512,945)
Fair value of plan assets	419,716	409,320	419,716	431,117
	(243,816)	**(103,625)**	**(243,816)**	**(81,828)**

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000

26. Employee benefits obligation (continued)

Net defined benefit obligation

The movement in the present value of retirement benefits obligation over the year is as follows:

	Group		Company	
	2016 N. '000	2015 N. '000	2016 N. '000	2015 N. '000
At 1 October	512,945	534,451	512,945	522,537
Current service cost	63,865	71,304	63,865	71,304
Interest cost	76,155	67,360	76,155	67,360
Actuarial (gains) losses	130,974	(87,029)	130,974	(128,520)
Benefits paid	(120,407)	(73,141)	(120,407)	(19,736)
At 30 September	**663,532**	**512,945**	**663,532**	**512,945**

The movement in the fair value of the plan asset over the year is as follows:

	Group		Company	
	2016 N. '000	2015 N. '000	2016 N. '000	2015 N. '000
At 1 October	409,320	388,032	431,117	388,032
Expected return on plan assets	68,257	54,509	68,257	54,509
Employer contributions	60,206	100,200	38,409	31,941
Benefits paid by fund	(62,481)	(63,450)	(62,481)	(19,736)
Actuarial gain/(loss) on plan asset	(55,586)	(69,971)	(55,586)	(23,629)
At 30 September	**419,716**	**409,320**	**419,716**	**431,117**

The amounts recognised in profit or loss in respect of defined benefit obligation, plan assets and long service award are as follows:

Service cost	76,131	71,304	76,131	71,304
Interest cost	88,558	67,360	88,558	67,360
Expected return on plan assets	(68,257)	(54,509)	(68,257)	(54,509)
Actuarial gain/(loss) on long service award	10,589	(11,667)	10,589	(11,667)
Total included in staff costs	**107,021**	**72,488**	**107,021**	**72,488**
Remeasurement gains or (losses)	(186,560)	41,885	(186,560)	104,891

The total charge to profit or loss is included within employee benefits expense in administrative expenses.

Key assumptions used

The principal actuarial assumptions were as follows:

	2016	2015	2016	2015
Discount rates used (p.a)	15.00 %	15.00 %	15.00 %	15.00 %
Expected rate of return on assets (p.a)	15.00 %	12.00 %	15.00 %	15.00 %
Expected rate of return on reimbursement rights (p.a)	12.00 %	9.00 %	12.00 %	9.00 %
Expected increase in salaries	14.00 %	12.00 %	14.00 %	12.00 %

26. Employee benefits obligation (continued)

Other assumptions

Assumptions regarding future mortality experience are based on rates published in the A67/70 Ultimate tables, published jointly by the Institute and Faculty of Actuaries in the UK. These have been rated down by one to more accurately reflect mortality rate in Nigeria thus:

Mortality in service	Number of deaths in year out of 10000	
Sample age	**2016**	**2015**
25	7	7
30	7	7
35	9	9
40	14	14
45	26	26

Withdrawal from service		
Age Band	**Rate**	**Rate**
Less than or equal to 30	3%	3%
31-39	2.5%	3%
40-44	2.0%	2%
45-55	1.0%	1%
56-60	0.0%	0%

These tables translate into an average life expectancy in years for a pensioner retiring at age 60.

Long service award

The Group provides employees with a Long service award benefit – a cash award expressed as a proportion of Basic Salary together based on year of service. The group's mandatory retirement age is 60years for all staff. The Scheme is unfunded.

Liability in the statement of financial position

The movement in the present value of Long service awards obligations over the year for both group and company is as follows:

	Group and Company	
	N'000	**N'000**
At 1 October	87,769	83,593
Current service cost	12,266	12,802
Interest cost	12,403	10,695
Actuarial (gains)/losses	10,589	(11,667)
Benefits paid	(2,025)	(7,654)
At 30 September	**121,002**	**87,769**

Sensitivity analysis

The sensitivities of the retirement benefit obligation to the principal assumptions adopted in the determining the liabilities are as follows:

Notes to the Consolidated and separate financial statements

26. Employee benefits obligation (continued)

Base	Change in assumption	Impact on retirement benefit obligation as at 30 September 2016
		N'000
Discount rate	+1%	588,88
	-1%	751,40
Salary Increases	+1%	754,69
	-1%	585,08
Mortality experience	Age rated up by 1 year	663,39
	Age rated down by 1 year	663,65

The weighted average duration of the defined benefit obligation is 12.97 years.

27. Trade and other payables

Trade payables	605,937	2,672,480	732,365	2,504,127
Dealers' security deposit	92,696	151,200	92,002	151,200
Dividends unclaimed	271,339	283,740	271,339	269,964
Other credit balances	222,476	463,076	241,927	474,432
Value added tax payable	666,327	380,292	503,254	171,985
Accrued expenses	193,126	176,466	95,513	63,587
	2,051,901	**4,127,254**	**1,936,400**	**3,635,295**

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

Notes to the Consolidated and separate financial statements

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000

28. Share capital and premium

Authorised				
2,400,000,000 Ordinary shares of 50 kobo each	1,200,000	1,200,000	1,200,000	1,200,000
Reconciliation of number of shares issued:	**Number**	**Number**	**Number**	**Number**
Reported as at	982,800	819,000	982,800	819,000
Shares repurchase	(300)	-	(300)	-
Issue of shares – ordinary shares	59,570	-	59,570	-
Bonus issue	-	163,800	-	163,800
	1,042,070	**982,800**	**1,042,070**	**982,800**

	Group		Company	
	2016 N. '000	Restated 2015 N. '000	2016 N. '000	Restated 2015 N. '000
Issued				
Ordinary	521,035	409,500	521,035	409,500
Bonus issue	-	81,900	-	81,900
	521,035	**491,400**	**521,035**	**491,400**

29. Share premium

Share premium	3	3	3	3

30. Loss/Basic earnings per share

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

	Group		Company	
	2016	Restated 2015	2016	Restated 2015
Net profit attributable to shareholders (N'000)	(39,272)	(36,708)	412,386	196,640
Weighted number of ordinary shares in issue as at year end (000)	1,012,435	982,800	1,012,435	982,800
(kobo)	(3.88)	(3.74)	40.73	20.01

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. There were no potentially dilutive ordinary shares during the year.

Notes to the Consolidated and separate financial statements

31. Dividends paid

Dividends of N245.7 million (N0.25 per share) which relates to year ended 30 September 2015 was paid by Vitafoam Nigeria Plc (Company) in arrears in the year 2016. Vitablom Nigeria Limited also paid a dividend of N54 million (N0.27 per share) for the same period. A dividend in respect of the year ended 30 September 2016 of N0.12 per share, amounting to a total dividend of N125.04 million is to be proposed by Vitafoam Nigeria Plc at the annual general meeting on 2nd March, 2017 while a dividend of N0.15 amounting to N30 million is to be proposed by Vitablom Nigeria Limited. This financial statement does not reflect the dividend payable.

32. Cash (used in) generated from operations

	Group		Company	
	2016 N. '000	**2015 N. '000**	**2016 N. '000**	**2015 N. '000**
Profit before taxation	61,198	213,097	522,757	489,456
Adjustments for:				
Depreciation and amortisation	345,070	474,238	271,213	276,707
Loss (profit) on sale of assets	11,497	(12,199)	11,608	(7,744)
Profit on disposal of investment	-	(29,011)	-	(29,011)
Adjustment on property, plant and equipment	631,917	(35,798)	32,097	(43,764)
Gain/loss on exchange difference	(167,617)	-	-	-
Finance costs	895,059	1,015,326	774,418	765,891
Interest received	(68,257)	(79,572)	(68,257)	(79,572)
Vono tax liability assumed	28,748	-	28,748	-
Movements in retirement benefit assets and liabilities	(13,136)	(42,350)	8,661	(48,593)
held for sale assets transfer from Vono	(1,696,146)	-	(1,570,043)	-
Remeasurements on net defined benefit liabilities/asset	-	(53,552)	-	(116,558)
Changes in working capital:				
Inventories	(27,371)	307,152	(220,825)	685,591
Trade and other receivables	1,010,967	(1,140,867)	1,081,623	(1,776,492)
Prepayments	(630,438)	-	(562,325)	-
Trade and other payables	(2,075,353)	(2,645)	(1,698,895)	289,686
Deferred income	(57,263)	-	17,874	-
Current tax	-	(30,894)	-	(16,033)
Deferred tax liabilities	-	198,968	-	206,706
	(1,751,125)	**781,893**	**(1,371,346)**	**596,270**

33. Contingent Liabilities

The Directors are not aware of any material contingent liability that may alter the consolidated and separate financial statements significantly.

34. Commitments and Guarantees

a. Capital expenditure authorised by the directors but not contracted was Nil (2015: Nil)

b. Capital expenditure contracted but not provided for in the financial statements was Nil (2015: Nil)

Notes to the Consolidated and separate financial statements

35. Directors and employees

Directors' emoluments

Remuneration paid to the directors is as follows:

	Group		Company	
	2016 N. '000	**2015 N. '000**	**2016 N. '000**	**2015 N. '000**
Basic	70,944	56,973	50,659	48,022
Other emoluments	3,869	33,508	3,869	33,508
	74,813	**90,481**	**54,528**	**81,530**
Chairman	13,870	7,944	13,870	7,944
Emoluments of the highest paid director	38,332	22,794	38,332	22,794

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

	Number	**Number**	**Number**	**Number**
N1,000,000 - N1,200,000				
N2,500,000 - N3,600,000		5		5
N12,300,001 and above	7	4	7	4
	7	**9**	**7**	**9**

Employees

The average number of persons employed by the Group and Company during the period were as follows:

	Number	**Number**	**Number**	**Number**
Management	167	141	111	128
Non-management	575	625	401	415
	742	**766**	**512**	**543**

Notes to the Consolidated and separate financial statements

35. Directors and employees (continued)

Employees remunerated at higher rates excluding allowances and pension costs were:

	Group		Company	
	2016	**2015**	**2016**	**2015**
N	**Number**	**Number**	**Number**	**Number**
100,001 - 200,000	30	47		3
200,001 - 300,000	54	96	12	66
300,001 - 400,000	268	285	215	231
400,001 - 500,000	160	110	112	77
500,001 - 600,000	43	66	36	47
600,001 - 700,000	30	23	19	17
700,001 - 800,000	18	26	13	18
800,001 - 900,000	15	10	8	6
900,001 - 1,000,000	11	5	8	2
1,000,001 - 1,100,000	15	15	15	13
1,100,001 - 1,200,000	7	8	7	6
1,200,001 - 1,300,000	5	5	1	3
1,300,001 - 1,400,000	7	5	5	5
1,400,001 - 1,500,000	7	3	4	3
1,500,001 - 2,000,000	27	12	20	10
2,000,001 - 2,500,000	6	10	5	2
2,500,001 - 3,000,000	7	7	6	5
3,000,001 - 3,500,000	4	6	2	6
3,500,001 - 4,000,000	2	1	2	1
4,000,000 - 4,500,000	3	8	3	7
4,500,001 - 5,000,000	3	4	2	3
5,000,001 - 5,500,000	4	4	4	3
5,500,001 - 6,500,000	6	3	5	3
6,500,001 - 8,000,000	3	-	1	-
8,000,001 - 9,000,000	4	3	4	3
9,000,001 - 11,000,000	2	4	2	3
Above 11,000,000	1	-	1	-
	742	**766**	**512**	**543**

36. Related party disclosures

Related party balances

The following are the amount due from subsidiaries:

	Group		Company	
	2016 N. '000	2015 N. '000	2016 N. '000	2015 N. '000
Due from Related entities				
Vitavisco Nigeria Limited	-	-	90,588	73,985
Vitafoam Ghana	-	-	405,498	246,633
Vitagreen Limited	-	-	248,070	164,862
Vitafoam Sierra Leone	-	-	424,949	814,125
Vono Furnitures Products Limited	-	-	37,412	-
Vitablom Nigeria Limited	-	-	261,940	42,188
Vitapur Nigeria Limited	-	-	810,103	705,840
Others	-	-	25	372,880
	-	**-**	**2,278,585**	**2,420,513**

Their was no outstanding balance due to the subsidiaries of Vitafoam Nigeria Plc.

Related party transactions

During the year the Group entered into transactions with its related parties. The transactions were in the ordinary course of business.Transactions with subsidiaries were at arm's length. Transactions with subsidiaries are eliminated in the Group consolidated accounts. The following transactions were carried out with related parties:

Sales of goods and services	2016 N'000	2015 N'000
Vono Furnitures Products Limited	67,505	-
	67,505	**-**

Purchases from related parties		
Vitablom Nigeria Limited	486,114	224,055
Vitavisco Nigeria Limited	71,743	90,018
Vono Furnitures Products Limited	52,344	-
Vitapur Nigeria Limited	181,867	307,475
Vitagreen Nigeria Limited	14,080	-
	806,148	**621,548**

Key management compensation

Key management includes directors (executive and non-executive), members of the Executive Committee, the Company Secretary and the Head of Internal Audit.

Compensation to directors and other key management	Company	
	N'000	N'000
Salaries and other short-term employee benefits	193,057	210,520
Post-employment benefits	11,250	16,493
Total	**204,307**	**227,013**

37. Segment Information

IFRS 8 'Operating segments requires operating segments to be determined based on the Group's internal reporting to the Chief Operating Decision Maker ("CODM"). The CODM has been determined to be the Managing Director of the parent Company. The Managing Director has the responsibility for planning and controlling the activities of the Group.

The group's operating segment information is presented on a product basis. The CODM receives operating and financial information on a monthly basis which is based on the product groupings. The group's has two major product segments -Foam products and Furniture/other products. The foam products include flexible and rigid foam based products, as well as the group's latest innovation- memory foams. Furniture and other products include wood and metal based furnitures, fibres and others. Transactions between segments are at same range of prices available to the group's key distributors. All segments have the same accounting policies as the Group.

The Managing Director assesses the performance of the operating segments based on operating profits. No information on segment assets or liabilities is reviewed by the CODM, therefore information on segment assets/liabilities have not been presented.

Operating Profits	**Group**	
	2016	**2015**
	N'000	**N'000**
Foam products	40,023	198,398
Furniture/Other products	21,175	14,699
	61,198	**213,097**

Revenue is generated from local and international sales. An analysis based on customer location is set out below:

Within Nigeria	13,222,963	16,409,857
Outside Nigeria (Ghana and Sierra Leone)	346,910	443,185
Total revenue	**13,569,873**	**16,853,042**

The folowing is an analysis of the Group revenue from continuing operations from its major products:

Foam products	11,662,817	14,353,745
Furniture/Other products	1,907,056	2,499,297
Total revenue	**13,569,873**	**16,853,042**

Segment assets and liabilities

Non-current assets which for the purpose of segment disclosures include property plant and equipment, investment property, intangible assets and equity investments are allocated between geographical areas as follows:

	2016	**2015**
Non-current assets (excluding deferred tax)	**N'000**	**N'000**
Within Nigeria	3,145,331	3,849,910
Outside Nigeria (Ghana and Sierra Leone)	1,104,990	1,095,467
Total	**4,250,321**	**4,945,377**

The folowing is an analysis of the total segment assets and liabilities by product line:

Foam products	11,498,459	8,989,518
Furniture/Other products	1,847,087	3,860,037
Total segment assets	**13,345,546**	**12,849,555**

Notes to the Consolidated and separate financial statements

	2016 N'000	2015 N'000
Foam products	7,946,991	6,299,159
Furniture/Other products	1,890,096	3,237,005
Total segment liabilities	**9,837,087**	**9,536,164**

38. Compliance with regulatory bodies

The Group paid fines to the Securities and Exchange Commision during the financial year for late submission of its 2015 quarterly financial statements and other statutory returns.

39. Events after the reporting period

There was no material event after the reporting date which have not been disclosed in the financial statement.

40. Contingent liabilities and contingent assets

There was no contingent liability as at the end of the reporting year (2015: Nil). Contingent assets arising from pending litigations as at year end amounted to N400 thousand (2015: Nil).

Apart from the above, there are no other events that occurred after the reporting date that are deemed to have an adjusting or non adjusting effect on the financial statements.

Notes to the Consolidated and separate financial statements

41. Investment in subsidiaries (at cost)

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

Heading	Country of incorporation and place of business	Nature of Business	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by non controlling interests	2016 N'000	2015 N'000
Vitafoam Ghana Limited	Ghana	Manufacture of foam and allied products	90%	10%	38,243	38,243
Vitafoam Sierra Leone Limited	Sierra Leone	Manufacture of foam and allied products	99%	1%	639,824	69,580
Vitapur Nigeria Limited	Nigeria	Manufacturing of Insulation Products	40%	60%	40,000	40,000
Vitablom Nigeria Limited	Nigeria	Fibre processing and soft furnishing company	42.9%	57.1%	41,823	41,823
Vitavisco Nigeria Limited	Nigeria	Production and sales of Visco elastic foam and latex products	80%	20%	8,000	8,000
Vono Products Plc.	Nigeria	Manufacture of furniture products	47%	53%	-	595,819
Vitagreen Nigeria Limited	Nigeria	Manufacturing of shoe wears	60%	40%	6,000	6,000
Vono Furnitures Products Limited	Nigeria	Manufacture of furniture products	99%	1%	210,834	-
	-	-			984,724	799,465
Provision for diminution in value of investment in subsidiary	-	-	-	-	(72,847)	(236,977)
	-	**-**	**-**	**-**	**911,877**	**562,488**

*Included in investment in Vitafoam Sierra Leone is deposit shares amounting to N570.24 million.

All subsidiary undertakings are included in the consolidation. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held.

Notes to the Consolidated and separate financial statements

Summarised financial information on subsidiaries

Set out below are the summarised financial information for each subsidiaries of the Group.

In thousand Naira	Vitagreen Nigeria Limited	Vono Furnitures	Vitapur Nigeria Limited	Vitablom Nigeria Limited	Vitavisco Nigeria Limited	Vitafoam Ghana Co. Limited	Vitafoam Sierra Leone Limited
30 September, 2016							
Current assets	99,319	253,420	510,594	589,446	86,461	96,023	537,242
Non-current assets	49,083	164,725	41,656	40,605	11,778	6,419	1,098,571
Current liabilities	206,655	215,842	961,809	314,667	110,343	279,603	647,538
Non-current liabilities	-	-	-	80,780	-	-	850,028
Equity	(4,592)	210,835	(409,559)	361,626	(30,830)	(92,412)	519,095
Profit or loss items							
Revenue	19,584	280,432	849,385	643,319	114,336	67,582	279,328
Cost of sales	30,747	174,546	570,989	460,153	72,321	9,781,635	198,690
Expenses	57,545	115,695	278,392	141,368	18,529	92,609	239,082
Retained income	(14,592)	-	(509,559)	261,626	(40,830)	(42,930)	(233,681)

In thousand Naira	Vitagreen Nigeria Limited	Vono Furnitures	Vitapur Nigeria Limited	Vitablom Nigeria Limited	Vitavisco Nigeria Limited	Vitafoam Ghana Co. Limited	Vitafoam Sierra Leone Limited
30 September, 2015							
Current assets	114,484	-	577,350	621,697	39,902	138,117	470,586
Non-current assets	38,460	-	192,957	162,934	15,906	2,120	1,093,347
Current liabilities	178,308	-	1,078,028	406,229	87,559	183,667	470,675
Non-current liabilities	-	-	116,257	13,000	-	-	574,768
Equity	10,000	-	(424,035)	365,403	(38,288)	(29,943)	679,881
Profit or loss items							
Revenue	34,334	-	792,055	754,942	106,879	87,911	355,274
Cost of sales	742	-	613,289	523,290	87,372	11,757,903	169,665
Expenses	76,668	-	(241,684)	(113,499)	12,224	36,014	350,990
Retained income	-	-	(524,035)	265,403	(48,288)	(73,611)	(72,291)

Disposal of interest in a subsidiary without loss of control

None of the subsidiaries shares were disposed during the year.

Business Combination

On 31 March 2016, the assets and liabilites of Vono Products Plc were taken over by Vitafoam Nigeria Plc.

Vono Furniture Products Limited

On **1** April, 2016, Vono Furniture Products Limited, a new subsidiary of Vitafoam Nigeria Plc commenced operation.

42. Non-current assets held for sale

The following non-current assets was categorised as held for sales.

Assets and liabilities

	Group		Company	
	2016 N. '000	**2015 N. '000**	**2016 N. '000**	**2015 N. '000**
Non-current assets held for sale				
Property, plant and equipment	1,697,065	919	1,570,043	-

The non current assets held for sale represents part of the assets of Vono products Plc not transferred to Vono Furniture Limited. The amount shown was the revalued amount in the books of Vono Products Plc before the business combination which is now the carrying amount in the books of Vitafoam Nigeria Plc.

43. Other comprehensive income

Components of other comprehensive income - Group - 2016

	Gross	Tax	Net
Items that will not be reclassified to profit or loss			
Remeasurements on net defined benefit liability/asset	**N'000**		**N'000**
Remeasurements on net defined benefit liability/asset	(186,560)	-	(186,560)
Business combination (Pooling of interest method)			
Gains and losses arising on business combination	187,754	-	187,754
Total items that will not be reclassified to profit or loss	**1,194**	**-**	**1,194**
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	(167,617)	-	(167,617)
Total	**(166,423)**	**-**	**(166,423)**

Components of other comprehensive income - Group - 2015

	Gross	Tax	Net
Items that will not be reclassified to profit or loss			
Remeasurements on net defined benefit liability/asset	**N'000**		**N'000**
Remeasurements on net defined benefit liability/asset	41,885	-	41,885
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations			
Exchange differences arising during the year	257,356	-	257,356
Total	**299,241**	**-**	**299,241**

43. Other comprehensive income (continued)

Components of other comprehensive income - Company - 2016

	Gross	Tax	Net
Items that will not be reclassified to profit or loss			
Remeasurements on net defined benefit liability/asset	**N'000**		**N'000**
Remeasurements on net defined benefit liability/asset	(186,560)	-	(186,560)
Business combination (Pooling of interest method)			
Gains and losses arising on business combination	187,754	-	187,754
Total items that will not be reclassified to profit or loss	**1,194**	**-**	**1,194**

Components of other comprehensive income - Company - 2015

	Gross	Tax	Net
Items that will not be reclassified to profit or loss			
Remeasurements on net defined benefit liability/asset			
Remeasurements on net defined benefit liability/asset	104,891	-	104,891

44. Business combination calculations

Calculation of amount included in other comprehensive income arising from business combination assuming Pooling of Interest method.

Net assets acquired from Vono Products Plc	764,943
Investment in Vono Products Plc	(171,769)
Share allocated to acquiree	(29,785)
Reserves arising from pooling of interest	(375,635)
Amount recognised in other comprehensive income	**187,754**

Amount recognised as reserves for group purpose N281.2 million was adjusted by N94.4 million in order to derecognised the value of retained earnings carried forward from Vono Products Plc already recognised in the group retained earnings.

45. Prior period restatement

This relates to system migration errors arising from system failure to migrate a batch of sales invoices and credit notes to the new ERP during the upgrade of the Company’s financial reporting software in 2015. The migration errors amounting to N344.9 million were identified in 2016 during the post implementation reconciliation process and this has been correctly adjusted with restatement of prior year’s revenue, trade and other receivables and trade and other payables.

The correction of the errors results in adjustments as follows:

Notes to the Consolidated and separate financial statements

45. Prior period restatement (continued)

Statement of financial position	Impact	Old balance (Group)	Old balance (Company)	New balance (Group)	New balance (Company)
	N'000	N'000	N'000	N'000	N'000
Trade receivables	(344,921)	2,697,291	2,277,040	2,352,370	1,932,119
Value added tax payable	(12,220)	392,514	184,207	380,292	171,985
Profit or Loss					
Revenue	(332,701)	17,185,741	15,487,801	16,853,042	15,155,102
Loss/basic earnings per share	(33.85)	28.93	52.67	(4.92)	18.82

Other National Disclosures

Value added statement

	2016 N. '000	2016 %	2015 N. '000	2015 %
Group				
Value added				
Revenue	13,569,873		16,853,042	
Interest received	68,257		79,572	
Other income	(62,780)		779,268	
Bought - in materials and services	(10,816,047)		(14,525,315)	
Total value added	**2,759,303**	**100**	**3,186,567**	**100**
Value distributed				
To pay employees				
Salaries, wages, medical and other benefits	1,457,976		1,488,173	
	1,457,976	**53**	**1,488,173**	**47**
To pay providers of capital				
Finance costs	895,059		1,015,326	
Share of profit to Non-controlling interest	7,240		(35,273)	
	902,299	**33**	**980,053**	**31**
To pay government				
Income tax	93,230		285,078	
Education tax	-		-	
	93,230	**3**	**285,078**	**9**
To be retained in the business for expansion and future wealth creation:				
Depreciation, amortisation and impairments	345,070		469,971	
	-		-	
Retained profit	(39,272)		(36,708)	
	305,798	**11**	**433,263**	**14**
Total value distributed	**2,759,303**	**100**	**3,186,567**	**100**

Value added represents the additional wealth which the Group has been able to create by its own and employees efforts.

Value added statement

	2016 N. '000	%	2015 N. '000	%
Company				
Value added				
Revenue	12,189,558		15,155,102	
Interest received	68,257		79,572	
Other income	142,781		732,947	
Bought - in materials and services	(9,693,816)		(13,275,454)	
Total value added	**2,706,780**	**100**	**2,692,167**	**100**
Value distributed				
To pay employees				
Salaries, wages, medical and other benefits	1,138,392		1,160,113	
	1,138,392	**42**	**1,160,113**	**43**
To pay providers of capital				
Finance costs	774,418		765,891	
Dividend paid	-		-	
	774,418	**29**	**765,891**	**28**
To pay government				
Income tax	110,371		292,816	
Education tax	-		-	
	110,371	**4**	**292,816**	**11**
To be retained in the business for expansion and future wealth creation:				
Depreciation, amortisation and impairments	271,213		276,707	
Distribution cost	-		-	
Retained profit	412,386		196,640	
	683,599	**25**	**473,347**	**18**
Total value distributed	**2,706,780**	**100**	**2,692,167**	**100**

Value added represents the additional wealth which the company has been able to create by its own and employees efforts.

Five year financial summary

	2016 N. '000	2015 N. '000	2014 N. '000	2013 N. '000	2012 N. '000
Group					
Consolidated and separate statement of financial position					
Assets					
Non-current assets	4,250,321	4,945,377	4,240,708	4,033,257	3,687,601
Net current assets/ liabilities	(577,457)	345,492	99,963	(120,777)	(368,614)
Assets of disposal groups held for sale	1,697,065	919	-	-	-
	5,369,929	**5,291,788**	**4,340,671**	**3,912,480**	**3,318,987**
Non-current liabilities	(1,861,470)	(1,978,397)	(1,327,250)	(1,206,022)	(789,876)
Net assets	**3,508,459**	**3,313,391**	**3,013,421**	**2,706,458**	**2,529,111**
Equity					
Share capital and premium	521,038	491,403	409,500	409,500	409,500
Retained income	2,565,726	3,092,017	2,807,274	-	-
Reserves	493,640	192,268	(9,006)	2,407,164	2,195,468
Non-controlling interest	(71,945)	(462,297)	(178,701)	(110,206)	(75,857)
Total equity	**3,508,459**	**3,313,391**	**3,029,067**	**2,706,458**	**2,529,111**
Profit and loss account					
Revenue	13,569,873	16,853,042	16,709,946	16,808,851	14,479,781
Profit before taxation	**61,198**	**213,097**	**666,887**	**615,254**	**812,729**
Taxation	(93,230)	(285,078)	(274,127)	(225,879)	(311,135)
(Loss) profit from discontinued operations	**(32,032)**	**(71,981)**	**392,760**	**389,375**	**501,594**
(Loss) profit for the year	**(32,032)**	**(71,981)**	**392,760**	**389,375**	**501,594**
Other comprehensive income	-	-	-	856	856
Non-controlling interest	(7,240)	35,273	83,225	27,780	65,257
Profit attributable to owners of the parent retained	**(39,272)**	**(36,708)**	**475,985**	**418,011**	**567,707**
Per share data					
Earnings per share (Basic)	(3.88)	(0.08)	0.63	0.51	0.69
Net assets per share	3.47	3.71	3.70	3.30	3.09

Loss/earnings per share are based on loss/profit after tax and the number of issued and fully paid ordinary shares 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.

Five year financial summary

	2016 N. '000	2015 N. '000	2014 N. '000	2013 N. '000	2012 N. '000
Company					
Consolidated and separate statement of financial position					
Assets					
Non-current assets	3,777,390	3,659,266	3,311,981	3,163,699	3,147,792
Net current assets/(liabilities)	(18,813)	1,318,892	1,055,620	1,000,431	751,352
Assets of disposal groups held for sale	1,570,043	-	-	-	-
Non-current liabilities	(953,396)	(1,175,328)	(620,597)	(896,817)	(781,677)
Net assets	**4,375,224**	**3,802,830**	**3,747,004**	**3,267,313**	**3,117,467**
Equity					
Share capital and premium	521,038	491,403	409,503	409,500	409,500
Reserves	526,341	(37,048)	(37,048)	-	-
Retained income	3,327,844	3,348,477	3,374,549	2,857,813	2,707,967
Total equity	**4,375,223**	**3,802,832**	**3,747,004**	**3,267,313**	**3,117,467**
Profit and loss account					
Revenue	12,189,558	15,155,102	15,519,856	15,519,856	14,126,527
Profit before taxation	**522,757**	**489,456**	**614,162**	**614,162**	**873,485**
Taxation	(110,371)	(292,816)	(219,472)	(219,472)	(311,135)
Profit from discontinued operations	**412,386**	**196,640**	**394,690**	**394,690**	**562,350**
Profit for the year	**412,386**	**196,640**	**394,690**	**394,690**	**562,350**
Retained income for the year	**412,386**	**196,640**	**394,690**	**394,690**	**562,350**
Per share data					
Earnings per share (Basic)- Naira	0.37	0.16	0.81	0.48	0.69
Net assets per share	4.32	4.21	4.58	3.99	3.81